
State:	Virginia	Filing Company:	American Fidelity Assurance Company
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2018 AFA Ind Ed LTC Rate Increase		
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA		

Filing at a Glance

Company:	American Fidelity Assurance Company
Product Name:	2018 AFA Ind Ed LTC Rate Increase
State:	Virginia
TOI:	LTC03I Individual Long Term Care
Sub-TOI:	LTC03I.001 Qualified
Filing Type:	Rate
Date Submitted:	08/01/2018
SERFF Tr Num:	WAKE-131598868
SERFF Status:	Closed-Approved
State Tr Num:	WAKE-131598868
State Status:	Approved
Co Tr Num:	KEGAFAINDEDLTCRIVA
Implementation	09/01/2018
Date Requested:	
Author(s):	Katlyn Gorman, Ben Cohen, Bonnie Taylor
Reviewer(s):	Bill Dismore (primary)
Disposition Date:	11/22/2019
Disposition Status:	Approved
Implementation Date:	

State: Virginia **Filing Company:** American Fidelity Assurance Company
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.001 Qualified
Product Name: 2018 AFA Ind Ed LTC Rate Increase
Project Name/Number: American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA

General Information

Project Name: American Fidelity Assurance Company
Project Number: KEGAFAINDEDLTCRIVA
Requested Filing Mode: Review & Approval

Explanation for Combination/Other:
Submission Type: New Submission
Overall Rate Impact: 23%

Deemer Date: 02/15/2019
Submitted By: Katlyn Gorman

Status of Filing in Domicile: Disapproved
Date Approved in Domicile: 04/06/2018
Domicile Status Comments: This filing was disapproved in the home domicile state of Oklahoma as of 4/6/2018.
Market Type: Individual
Individual Market Type:
Filing Status Changed: 11/22/2019
State Status Changed: 11/22/2019
Created By: Katlyn Gorman
Corresponding Filing Tracking Number:
State TOI: LTC03I Individual Long Term Care

Filing Description:

SUBMISSION

RATE INCREASE FILING

LONG TERM CARE POLICY

FORM NUMBERS: QLTC-02 (VA) AFA, AMDI-220, AMDI-221, AMDI-222, AMDI-223 (VA)

Wakely Actuarial has been authorized to file the above captioned filing on behalf of American Fidelity Assurance Company.

This is a rate increase filing for an existing rate stabilized Long Term Care form and attached riders. The purpose of this rate increase filing is to demonstrate that the requirements for a rate increase for your state have been satisfied. This rate increase filing is not intended to be used for any other purpose.

The Company is requesting a 23.0% increase in the premium rates for policies with a lifetime or unlimited benefit period and 0% for policies with a non-lifetime benefit period. Since this policy and rider forms are not actively being marketed, this rate increase will apply to inforce business only.

The proposed effective date is September 1, 2018.

We appreciate the Department's time and consideration in the review of this filing for American Fidelity Assurance Company.

Company and Contact

Filing Contact Information

Katlyn Gorman, Administrative Assistant katlyn.gorman@wakelyactuarial.com
33920 US Hwy 19 N Suite 151 888-590-5504 [Phone] 2100 [Ext]
Palm Harbor, FL 34684 727-373-4559 [FAX]

State: Virginia **Filing Company:** American Fidelity Assurance Company
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.001 Qualified
Product Name: 2018 AFA Ind Ed LTC Rate Increase
Project Name/Number: American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA

Filing Company Information

(This filing was made by a third party - WAS01)

American Fidelity Assurance
Company
2000 North Classen Blvd
Oklahoma City, OK 73106
(800) 654-8489 ext. [Phone]

CoCode: 60410
Group Code:
Group Name:
FEIN Number: 73-0714500

State of Domicile: Oklahoma
Company Type:
State ID Number:

Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

State:	Virginia	Filing Company:	American Fidelity Assurance Company
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
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Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA		

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Bill Dismore	11/22/2019	11/22/2019

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Info has been requested from company	Bill Dismore	01/03/2019	01/03/2019
Info has been requested from company	Bill Dismore	12/17/2018	12/17/2018
Info has been requested from company	Bill Dismore	11/13/2018	11/13/2018
Info has been requested from company	Bill Dismore	10/03/2018	10/03/2018
Info has been requested from company	Bill Dismore	09/28/2018	09/28/2018
Info has been requested from company	Bill Dismore	08/02/2018	08/02/2018

Response Letters

Responded By	Created On	Date Submitted
Katlyn Gorman	01/08/2019	01/08/2019
Katlyn Gorman	01/16/2019	01/16/2019
Katlyn Gorman	11/29/2018	11/29/2018
Katlyn Gorman	10/25/2018	10/25/2018
Katlyn Gorman	10/12/2018	10/12/2018
Katlyn Gorman	08/09/2018	08/09/2018

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Status Update - 3/21/2019	Note To Filer	Bill Dismore	03/21/2019	05/01/2019
Status Update	Note To Reviewer	Katlyn Gorman	03/21/2019	03/21/2019
Status Update	Note To Reviewer	Katlyn Gorman	09/26/2018	09/26/2018
Actuarial Review - Final Summary Report	Reviewer Note	Bill Dismore	11/22/2019	
RRS	Reviewer Note	Bill Dismore	09/27/2018	

State:	Virginia	Filing Company:	American Fidelity Assurance Company
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2018 AFA Ind Ed LTC Rate Increase		
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA		

Disposition

Disposition Date: 11/22/2019

Implementation Date:

Status: Approved

Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
American Fidelity Assurance Company	23.000%	14.000%	\$32,286	78	\$140,376	23.000%	0.000%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Certification of Compliance	Received & Acknowledged	Yes
Supporting Document	Product Checklist	Received & Acknowledged	Yes
Supporting Document (revised)	L&H Actuarial Memorandum	Received & Acknowledged	Yes
Supporting Document	Long Term Care Insurance Rate Request Summary	Received & Acknowledged	Yes
Supporting Document (revised)	Authorization Letter	Received & Acknowledged	Yes
Supporting Document	Current Rates	Received & Acknowledged	Yes
Supporting Document	Response Letter 8/9/2018	Received & Acknowledged	Yes
Supporting Document	Response letter 10/12/2018	Received & Acknowledged	Yes
Supporting Document	Notification Letters	Received & Acknowledged	Yes
Supporting Document (revised)	Response Letter 10/25/2018	Received & Acknowledged	Yes
Supporting Document (revised)	Response Letter 11/29/2018	Received & Acknowledged	Yes
Supporting Document	Response Letter 01/08/2019	Received & Acknowledged	Yes
Supporting Document	Response Letter 01/16/2019	Received & Acknowledged	Yes
Supporting Document	L&H Actuarial Memorandum	Withdrawn	No
Supporting Document	L&H Actuarial Memorandum	Withdrawn	No
Supporting Document	L&H Actuarial Memorandum	Withdrawn	No
Supporting Document	L&H Actuarial Memorandum	Withdrawn	No
Supporting Document	Authorization Letter	Withdrawn	No
Supporting Document	Response Letter 10/25/2018	Withdrawn	No

SERFF Tracking #:	WAKE-131598868	State Tracking #:	WAKE-131598868	Company Tracking #:	KEGAFAINDEDLTCRIVA
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State:	Virginia	Filing Company:	American Fidelity Assurance Company
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2018 AFA Ind Ed LTC Rate Increase		
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA		

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Response Letter 11/29/2018	Withdrawn	No
Rate (revised)	Rate Page	Approved	Yes
Rate	Rate Page	Withdrawn	No

State: Virginia **Filing Company:** American Fidelity Assurance Company
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.001 Qualified
Product Name: 2018 AFA Ind Ed LTC Rate Increase
Project Name/Number: American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA

Objection Letter

Objection Letter Status	Info has been requested from company
Objection Letter Date	01/03/2019
Submitted Date	01/03/2019
Respond By Date	01/09/2019

Dear Katlyn Gorman,

Introduction:

During our review, we noted the following inconsistencies and/or need additional information to continue. Please note, any revisions, modifications, or changes of any type to a filing not specifically requested by us must be brought to our attention upon resubmission and explained in detail.

Objection 1

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please explain if the Company will require future rate increases if the proposed increase is approved and experience develops as projected under moderately adverse conditions.

Conclusion:

We shall be glad to reconsider this submission upon receipt of the requested information to address the objections noted above. Should you need clarification of any of the information contained in this letter, please contact the undersigned. Thank you.

Sincerely,
Bill Dismore

State: Virginia **Filing Company:** American Fidelity Assurance Company
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.001 Qualified
Product Name: 2018 AFA Ind Ed LTC Rate Increase
Project Name/Number: American Fidelity Assurance Company/KEGAFAINEDLTCRIVA

Objection Letter

Objection Letter Status	Info has been requested from company
Objection Letter Date	12/17/2018
Submitted Date	12/17/2018
Respond By Date	01/16/2019

Dear Katlyn Gorman,

Introduction:

During our review, we noted the following inconsistencies and/or need additional information to continue. Please note, any revisions, modifications, or changes of any type to a filing not specifically requested by us must be brought to our attention upon resubmission and explained in detail.

Objection 1

- Response Letter 11/29/2018 (Supporting Document)

Comments: Please provide a sensitivity test with the ultimate lapse rate assumption set to 0.75% for lifetime benefit period for Attachments 5 and 6.

Conclusion:

We shall be glad to reconsider this submission upon receipt of the requested information to address the objections noted above. Should you need clarification of any of the information contained in this letter, please contact the undersigned. Thank you.

Sincerely,
Bill Dismore

State: Virginia **Filing Company:** American Fidelity Assurance Company
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.001 Qualified
Product Name: 2018 AFA Ind Ed LTC Rate Increase
Project Name/Number: American Fidelity Assurance Company/KEGAFAINEDLTCRIVA

Objection Letter

Objection Letter Status	Info has been requested from company
Objection Letter Date	11/13/2018
Submitted Date	11/13/2018
Respond By Date	

Dear Katlyn Gorman,

Introduction:

During our review, we noted the following inconsistencies and/or need additional information to continue. Please note, any revisions, modifications, or changes of any type to a filing not specifically requested by us must be brought to our attention upon resubmission and explained in detail.

Objection 1

- L&H Actuarial Memorandum (Supporting Document)
- Response Letter 10/25/2018 (Supporting Document)

Comments: 1.Of the 78 Virginia policies, please provide the number which have lifetime benefits and therefore subject to the requested rate increase.

2.Please provide a revised spreadsheet since the instructions for the Excel projections were misinterpreted. The Bureau requires rate increase justification to be based on projections using the Virginia rate level without paid up policies (Attachment 3) and use the average valuation interest rate (4.04%). The remaining projections should have only the requested change from the baseline projection, so the following modifications are required:

a.Attachment 4 ok as is

b.Attachment 5 should be at Virginia rate level

c.Attachment 6 should be at Virginia rate level without paid up policies and include the requested Virginia rate increase (23% on lifetime only)

d.Attachment 7 should not include paid up policies

e.Attachment 8 should not include paid up policies and should use 4.04% interest; also needs to be split by lifetime vs. limited benefit period policies

f.Attachment 9 should not include paid up policies and should use 4.04% interest

3.Please describe the modeling approach used - commercial software vs. home-grown; first-principles vs. claim cost; etc.

4.Please include the dual loss ratio tests required by 14VAC5-200-153.C.2. or G.2. as appropriate, separately for lifetime vs. limited benefit period. To aid our review, please include these in the revised spreadsheet with formulas that tie back to the projections.

5.The response to our previous question 3 indicates that the revised lapse assumption contributes the largest piece of the increased loss ratio. We note however, that the actual experience lapse rates provided in response 4.b. are still well above 1%. Please provide supporting evidence that the ultimate lapse rate will continue to decrease down to the 0.3% assumption.

State:	Virginia	Filing Company:	American Fidelity Assurance Company
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Project Name/Number:	American Fidelity Assurance Company/KEGAFAINEDLTCRIVA		

6. Please provide the table of expected lapses under current assumptions by policy year (similar to what was provided in your response 4.b. for pricing assumed).

Conclusion:

We shall be glad to reconsider this submission upon receipt of the requested information to address the objections noted above. Should you need clarification of any of the information contained in this letter, please contact the undersigned. Thank you.

Sincerely,
Bill Dismore

State: Virginia **Filing Company:** American Fidelity Assurance Company
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.001 Qualified
Product Name: 2018 AFA Ind Ed LTC Rate Increase
Project Name/Number: American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA

Objection Letter

Objection Letter Status	Info has been requested from company
Objection Letter Date	10/03/2018
Submitted Date	10/03/2018
Respond By Date	

Dear Katlyn Gorman,

Introduction:

During our review, we noted the following inconsistencies and/or need additional information to continue. Please note, any revisions, modifications, or changes of any type to a filing not specifically requested by us must be brought to our attention upon resubmission and explained in detail.

Objection 1

- L&H Actuarial Memorandum (Supporting Document)

Comments: 1.Please provide a copy of the original actuarial memorandum, including original pricing assumptions, original anticipated loss ratio, and mix of business.

2.Please provide an exhibit in Excel format showing the cumulative approved rate increase percentage in each state, separately by any policy factor which has been used to differentiate prior or current rate increases. Also include the inforce premium by state, as well as information about any pending increases.

3.Please provide an exhibit showing a comparison of original assumptions versus current best estimate assumptions, including an attribution analysis showing the impact on the premiums due to each change in assumption.

4.Please provide an A/E analysis on each assumption (morbidity, mortality, lapse), with expected on both original and current assumption basis.

5.Please describe more fully the adjustment to the morbidity assumption to reflect the most recent 5 years of experience, including credibility of the data. Please describe how the assumptions are derived for durations and ages beyond which the Company has credible experience.

6.Please provide a demonstration that the original pricing margins have been exhausted.

7.For all projections requested in the next question, the baseline should comply with the following:

a.Any limited-pay policies that have reached paid-up status should be removed, both from historical experience and future projections.

b.For this post-stability block, assumptions should include appropriate margins for moderately adverse conditions.

c.Premiums should be at the Virginia rate level for both historical and projected future.

d.Please use the appropriate average maximum valuation interest rate for accumulation and discounting of this block (issued 2004 to 2012) as specified in 14VAC5-200-153.

State: Virginia **Filing Company:** American Fidelity Assurance Company
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8. Because the Bureau has observed over the years that the anticipated experience of policies with and without inflation is often markedly different, for each of the four subsets of the business corresponding to the combinations of (limited/lifetime benefit periods) and (with/without inflation protection), please provide (in Excel format) the following projections on a nationwide basis:

a. current assumptions and current rates

b. current assumptions and current rates, using actual nationwide premiums (not Virginia rate level)

c. current assumptions and current rates, including paid-up policies (if any)

d. current assumptions with the proposed rate increase

e. current assumptions with the proposed rate increase, but with no shock lapses, benefit reductions, CBUL, or adverse selection (if applicable)

f. current assumptions with premiums restated as if the proposed rate schedule had been in effect from inception

g. original assumptions and original premiums from inception

h. actual past experience (claims, mortality, lapse) but original assumptions in the future, with all premiums at the original premium scale from inception.

Projections a-h can be separate tabs or combined into separate columns on the same exhibit.

9. For each of the four subsets of the business above, please provide the active life reserves balance as of the projection date on a nationwide basis.

Conclusion:

We shall be glad to continue our review of this submission upon receipt of the requested information or resolution of the issues noted above. Should you need clarification, please contact me. Thank you.

Sincerely,
Bill Dismore

State: Virginia **Filing Company:** American Fidelity Assurance Company
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.001 Qualified
Product Name: 2018 AFA Ind Ed LTC Rate Increase
Project Name/Number: American Fidelity Assurance Company/KEGAFAINEDLTCRIVA

Objection Letter

Objection Letter Status Info has been requested from company
Objection Letter Date 09/28/2018
Submitted Date 09/28/2018
Respond By Date

Dear Katlyn Gorman,

Introduction:

During our review, we noted the following inconsistencies and/or need additional information to continue. Please note, any revisions, modifications, or changes of any type to a filing not specifically requested by us must be brought to our attention upon resubmission and explained in detail.

Objection 1

Comments: Policyholder Notification

Please provide the policyholder notification letter. If this has been approved in a prior filing, please provide the SERFF Tracking Number under which the Policyholder Letter and associated forms and endorsements that will be used were approved. If previously approved, please the documentation under Supporting Documentation. If a new form is to be used for the policyholder notification, please submit this under the Forms Schedule.

Objection 2

- L&H Actuarial Memorandum (Supporting Document)

Comments: 1) Please advise in which states the company has requested rate increases on this block, and describe how the rate changes requested in Virginia compare with those in other states, along with a listing of the status of the rate reviews in those other states.

2) Please provide the active life reserves on a nationwide basis.

3) Explain what, if any, margins are included in the proposed rates to ensure that future rate increases will not be needed presuming the experience develops as projected including a demonstration that actual and projected costs exceed costs anticipated at the time of initial pricing under moderately adverse experience and that the composite margin is projected to be exhausted.

Conclusion:

We shall be glad to continue our review of this submission upon receipt of the requested information or resolution of the issues noted above. Should you need clarification, please contact me. Thank you.

Sincerely,
Bill Dismore

State: Virginia **Filing Company:** American Fidelity Assurance Company
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.001 Qualified
Product Name: 2018 AFA Ind Ed LTC Rate Increase
Project Name/Number: American Fidelity Assurance Company/KEGAFAINEDLTCRIVA

Objection Letter

Objection Letter Status	Info has been requested from company
Objection Letter Date	08/02/2018
Submitted Date	08/02/2018
Respond By Date	09/04/2018

Dear Katlyn Gorman,

Introduction:

During our review, we noted the following inconsistencies and/or need additional information to continue. Please address the following requests no later than the date above. Please note, any revisions, modifications, or changes of any type to a filing not specifically requested by us must be brought to our attention upon resubmission and explained in detail.

Objection 1

- Authorization Letter (Supporting Document)

Comments: Please provide an updated Authorization Letter. The current letter attached to this filing expired June 9, 2018.

Objection 2

Comments: Rate/Rule Schedule

Please provide the correct SERFF Tr. # for the previous rate increase that was approved on October 11, 2017.

Objection 3

- L&H Actuarial Memorandum (Supporting Document)

Comments: Provide the date each policy form was first issued in Virginia and the date the form was no longer marketed.

Conclusion:

We shall be glad to continue our review of this submission upon receipt of the requested information or resolution of the issues noted above. Should you need clarification, please contact me. Thank you for your courtesy and prompt response.

Sincerely,
Bill Dismore

SERFF Tracking #:	WAKE-131598868	State Tracking #:	WAKE-131598868	Company Tracking #:	KEGAFAINDEDLTCRIVA
<hr/>					
State:	Virginia	Filing Company:	American Fidelity Assurance Company		
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
Product Name:	2018 AFA Ind Ed LTC Rate Increase				
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA				

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	01/08/2019
Submitted Date	01/08/2019

Dear Bill Dismore,

Introduction:

This correspondence is in response to your objection letter dated 1/3/2019.

Response 1

Comments:

Please refer to the attached response letter dated 1/8/2019.

Related Objection 1

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: Please explain if the Company will require future rate increases if the proposed increase is approved and experience develops as projected under moderately adverse conditions.

Changed Items:

SERFF Tracking #:	WAKE-131598868	State Tracking #:	WAKE-131598868	Company Tracking #:	KEGAFAINDEDLTCRIVA
State:	Virginia	Filing Company:	American Fidelity Assurance Company		
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
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Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA				

Supporting Document Schedule Item Changes	
Satisfied - Item:	L&H Actuarial Memorandum
Comments:	Please refer to the response letter dated 1/8/2019 with regard to your objection letter dated 1/3/2019.
Attachment(s):	VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	<i>Please refer to the response letter dated 11/29/2018 with regard to your objection letter dated 11/13/2018.</i>
Attachment(s):	<i>VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf</i>
<i>Previous Version</i>	
Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	<i>Please refer to the response letter dated 10/12/2018.</i>
Attachment(s):	<i>VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf</i>
<i>Previous Version</i>	
Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	<i>VA policies were issued between 2004-2012.</i>
Attachment(s):	<i>VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf</i>
<i>Previous Version</i>	
Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	
Attachment(s):	<i>VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf</i>

SERFF Tracking #:	WAKE-131598868	State Tracking #:	WAKE-131598868	Company Tracking #:	KEGAFAINDEDLTCRIVA
State:	Virginia	Filing Company:	American Fidelity Assurance Company		
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Supporting Document Schedule Item Changes	
Satisfied - Item:	L&H Actuarial Memorandum
Comments:	Please refer to the response letter dated 1/8/2019 with regard to your objection letter dated 1/3/2019.
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Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	<i>Please refer to the response letter dated 11/29/2018 with regard to your objection letter dated 11/13/2018.</i>
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Comments:	<i>Please refer to the response letter dated 10/12/2018.</i>
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<i>Previous Version</i>	
Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	<i>VA policies were issued between 2004-2012.</i>
Attachment(s):	<i>VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf</i>
<i>Previous Version</i>	
Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	
Attachment(s):	<i>VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf</i>
<i>Previous Version</i>	
Satisfied - Item:	Response Letter 11/29/2018
Comments:	Please refer to Response Letter 1/8/2019 in regards to your objection letter dated 1/3/2019.
Attachment(s):	VA Objection Response 11-2018 AFA Ind Ed.pdf VA AFA Ind Ed Exh D Att 3-9 201811.xlsx
<i>Previous Version</i>	
Satisfied - Item:	<i>Response Letter 11/29/2018</i>
Comments:	
Attachment(s):	<i>VA Objection Response 11-2018 AFA Ind Ed.pdf VA AFA Ind Ed Exh D Att 3-9 201811.xlsx</i>

SERFF Tracking #:	WAKE-131598868	State Tracking #:	WAKE-131598868	Company Tracking #:	KEGAFAINDEDLTCRIVA
State:	Virginia	Filing Company:	American Fidelity Assurance Company		
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
Product Name:	2018 AFA Ind Ed LTC Rate Increase				
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Supporting Document Schedule Item Changes	
Satisfied - Item:	L&H Actuarial Memorandum
Comments:	Please refer to the response letter dated 1/8/2019 with regard to your objection letter dated 1/3/2019.
Attachment(s):	VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	<i>Please refer to the response letter dated 11/29/2018 with regard to your objection letter dated 11/13/2018.</i>
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Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	<i>Please refer to the response letter dated 10/12/2018.</i>
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Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	<i>VA policies were issued between 2004-2012.</i>
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Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	
Attachment(s):	<i>VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf</i>
<i>Previous Version</i>	
Satisfied - Item:	Response Letter 11/29/2018
Comments:	Please refer to Response Letter 1/8/2019 in regards to your objection letter dated 1/3/2019.
Attachment(s):	VA Objection Response 11-2018 AFA Ind Ed.pdf VA AFA Ind Ed Exh D Att 3-9 201811.xlsx
<i>Previous Version</i>	
Satisfied - Item:	<i>Response Letter 11/29/2018</i>
Comments:	
Attachment(s):	<i>VA Objection Response 11-2018 AFA Ind Ed.pdf</i> <i>VA AFA Ind Ed Exh D Att 3-9 201811.xlsx</i>
<i>Previous Version</i>	
Satisfied - Item:	Response Letter 01/08/2019

State:	Virginia	Filing Company:	American Fidelity Assurance Company
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2018 AFA Ind Ed LTC Rate Increase		
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA		

Comments:	
Attachment(s):	VA Objection Response 1-8-2019 AFA Ind Ed.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

*Sincerely,
Katlyn Gorman*

SERFF Tracking #:	WAKE-131598868	State Tracking #:	WAKE-131598868	Company Tracking #:	KEGAFAINDEDLTCRIVA
State:	Virginia	Filing Company:	American Fidelity Assurance Company		
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
Product Name:	2018 AFA Ind Ed LTC Rate Increase				
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA				

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	01/16/2019
Submitted Date	01/16/2019

Dear Bill Dismore,

Introduction:

This correspondence is in response to your objection letter dated 12/17/2018.

Response 1

Comments:

Please refer to the attached response letter and supporting documentation.

Related Objection 1

Applies To:

- Response Letter 11/29/2018 (Supporting Document)

Comments: Please provide a sensitivity test with the ultimate lapse rate assumption set to 0.75% for lifetime benefit period for Attachments 5 and 6.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response Letter 01/16/2019
Comments:	
Attachment(s):	VA Objection Response 1-16-2019 AFA Ind Ed.pdf VA AFA Ind Ed Att 5-6 20190116.xlsx

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,
Katlyn Gorman

SERFF Tracking #:	WAKE-131598868	State Tracking #:	WAKE-131598868	Company Tracking #:	KEGAFAINDEDLTCRIVA
<hr/>					
State:	Virginia	Filing Company:	American Fidelity Assurance Company		
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
Product Name:	2018 AFA Ind Ed LTC Rate Increase				
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA				

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	11/29/2018
Submitted Date	11/29/2018

Dear Bill Dismore,

Introduction:

This correspondence is in response to your objection letter dated 11/13/2018.

Response 1

Comments:

Please refer to Response Letter 11/29/2018.

Related Objection 1

Applies To:

- *L&H Actuarial Memorandum (Supporting Document)*
- *Response Letter 10/25/2018 (Supporting Document)*

SERFF Tracking #:	WAKE-131598868	State Tracking #:	WAKE-131598868	Company Tracking #:	KEGAFAINDEDLTCRIVA
<hr/>					
State:	Virginia	Filing Company:	American Fidelity Assurance Company		
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
Product Name:	2018 AFA Ind Ed LTC Rate Increase				
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA				

Comments: 1.Of the 78 Virginia policies, please provide the number which have lifetime benefits and therefore subject to the requested rate increase.

2.Please provide a revised spreadsheet since the instructions for the Excel projections were misinterpreted. The Bureau requires rate increase justification to be based on projections using the Virginia rate level without paid up policies (Attachment 3) and use the average valuation interest rate (4.04%). The remaining projections should have only the requested change from the baseline projection, so the following modifications are required:

a.Attachment 4 ok as is

b.Attachment 5 should be at Virginia rate level

c.Attachment 6 should be at Virginia rate level without paid up policies and include the requested Virginia rate increase (23% on lifetime only)

d.Attachment 7 should not include paid up policies

e.Attachment 8 should not include paid up policies and should use 4.04% interest; also needs to be split by lifetime vs. limited benefit period policies

f.Attachment 9 should not include paid up policies and should use 4.04% interest

3.Please describe the modeling approach used - commercial software vs. home-grown; first-principles vs. claim cost; etc.

4.Please include the dual loss ratio tests required by 14VAC5-200-153.C.2. or G.2. as appropriate, separately for lifetime vs. limited benefit period. To aid our review, please include these in the revised spreadsheet with formulas that tie back to the projections.

5.The response to our previous question 3 indicates that the revised lapse assumption contributes the largest piece of the increased loss ratio. We note however, that the actual experience lapse rates provided in response 4.b. are still well above 1%. Please provide supporting evidence that the ultimate lapse rate will continue to decrease down to the 0.3% assumption.

6.Please provide the table of expected lapses under current assumptions by policy year (similar to what was provided in your response 4.b. for pricing assumed).

Changed Items:

SERFF Tracking #:	WAKE-131598868	State Tracking #:	WAKE-131598868	Company Tracking #:	KEGAFAINDEDLTCRIVA
State:	Virginia	Filing Company:	American Fidelity Assurance Company		
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
Product Name:	2018 AFA Ind Ed LTC Rate Increase				
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA				
Supporting Document Schedule Item Changes					
Satisfied - Item:	Response Letter 10/25/2018				
Comments:	Please refer to Response Letter 11/29/2018 with regard to your objection letter dated 11/13/2018.				
Attachment(s):	VA Objection Response 10-25-2018 AFA Ind Ed.pdf VA AFA Ind Ed Att 1 3-9 201810.xlsx QLTC02 VA AM.pdf				
<i>Previous Version</i>					
Satisfied - Item:	<i>Response Letter 10/25/2018</i>				
Comments:					
Attachment(s):	<i>VA Objection Response 10-25-2018 AFA Ind Ed.pdf</i> <i>VA AFA Ind Ed Att 1 3-9 201810.xlsx</i> <i>QLTC02 VA AM.pdf</i>				

State:	Virginia	Filing Company:	American Fidelity Assurance Company
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2018 AFA Ind Ed LTC Rate Increase		
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA		

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response Letter 10/25/2018
Comments:	Please refer to Response Letter 11/29/2018 with regard to your objection letter dated 11/13/2018.
Attachment(s):	VA Objection Response 10-25-2018 AFA Ind Ed.pdf VA AFA Ind Ed Att 1 3-9 201810.xlsx QLTC02 VA AM.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>Response Letter 10/25/2018</i>
Comments:	
Attachment(s):	<i>VA Objection Response 10-25-2018 AFA Ind Ed.pdf VA AFA Ind Ed Att 1 3-9 201810.xlsx QLTC02 VA AM.pdf</i>

Satisfied - Item:	L&H Actuarial Memorandum
Comments:	Please refer to the response letter dated 11/29/2018 with regard to your objection letter dated 11/13/2018.
Attachment(s):	VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	<i>Please refer to the response letter dated 10/12/2018.</i>
Attachment(s):	<i>VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf</i>
<i>Previous Version</i>	
Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	<i>VA policies were issued between 2004-2012.</i>
Attachment(s):	<i>VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf</i>
<i>Previous Version</i>	
Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	
Attachment(s):	<i>VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf</i>

State:	Virginia	Filing Company:	American Fidelity Assurance Company
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2018 AFA Ind Ed LTC Rate Increase		
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA		

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response Letter 10/25/2018
Comments:	Please refer to Response Letter 11/29/2018 with regard to your objection letter dated 11/13/2018.
Attachment(s):	VA Objection Response 10-25-2018 AFA Ind Ed.pdf VA AFA Ind Ed Att 1 3-9 201810.xlsx QLTC02 VA AM.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>Response Letter 10/25/2018</i>
Comments:	
Attachment(s):	<i>VA Objection Response 10-25-2018 AFA Ind Ed.pdf VA AFA Ind Ed Att 1 3-9 201810.xlsx QLTC02 VA AM.pdf</i>

Satisfied - Item:	L&H Actuarial Memorandum
Comments:	Please refer to the response letter dated 11/29/2018 with regard to your objection letter dated 11/13/2018.
Attachment(s):	VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	<i>Please refer to the response letter dated 10/12/2018.</i>
Attachment(s):	<i>VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf</i>
<i>Previous Version</i>	
Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	<i>VA policies were issued between 2004-2012.</i>
Attachment(s):	<i>VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf</i>
<i>Previous Version</i>	
Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	
Attachment(s):	<i>VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf</i>

Satisfied - Item:	Response Letter 11/29/2018
Comments:	
Attachment(s):	VA Objection Response 11-2018 AFA Ind Ed.pdf VA AFA Ind Ed Exh D Att 3-9 201811.xlsx

State:	Virginia	Filing Company:	American Fidelity Assurance Company
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2018 AFA Ind Ed LTC Rate Increase		
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA		

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,
Katlyn Gorman

SERFF Tracking #:	WAKE-131598868	State Tracking #:	WAKE-131598868	Company Tracking #:	KEGAFAINDEDLTCRIVA
<hr/>					
State:	Virginia	Filing Company:	American Fidelity Assurance Company		
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
Product Name:	2018 AFA Ind Ed LTC Rate Increase				
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA				

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	10/25/2018
Submitted Date	10/25/2018

Dear Bill Dismore,

Introduction:

This correspondence is in response to your objection letter dated 10/3/2018.

Response 1

Comments:

Please refer to the attached response letter and supporting documentation.

Related Objection 1

Applies To:

- L&H Actuarial Memorandum (Supporting Document)*

SERFF Tracking #:	WAKE-131598868	State Tracking #:	WAKE-131598868	Company Tracking #:	KEGAFAINDEDLTCRIVA
<hr/>					
State:	Virginia	Filing Company:	American Fidelity Assurance Company		
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
Product Name:	2018 AFA Ind Ed LTC Rate Increase				
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA				

Comments: 1.Please provide a copy of the original actuarial memorandum, including original pricing assumptions, original anticipated loss ratio, and mix of business.

2.Please provide an exhibit in Excel format showing the cumulative approved rate increase percentage in each state, separately by any policy factor which has been used to differentiate prior or current rate increases. Also include the inforce premium by state, as well as information about any pending increases.

3.Please provide an exhibit showing a comparison of original assumptions versus current best estimate assumptions, including an attribution analysis showing the impact on the premiums due to each change in assumption.

4.Please provide an A/E analysis on each assumption (morbidity, mortality, lapse), with expected on both original and current assumption basis.

5.Please describe more fully the adjustment to the morbidity assumption to reflect the most recent 5 years of experience, including credibility of the data. Please describe how the assumptions are derived for durations and ages beyond which the Company has credible experience.

6.Please provide a demonstration that the original pricing margins have been exhausted.

7.For all projections requested in the next question, the baseline should comply with the following:

a.Any limited-pay policies that have reached paid-up status should be removed, both from historical experience and future projections.

b.For this post-stability block, assumptions should include appropriate margins for moderately adverse conditions.

c.Premiums should be at the Virginia rate level for both historical and projected future.

d.Please use the appropriate average maximum valuation interest rate for accumulation and discounting of this block (issued 2004 to 2012) as specified in 14VAC5-200-153.

8.Because the Bureau has observed over the years that the anticipated experience of policies with and without inflation is often markedly different, for each of the four subsets of the business corresponding to the combinations of (limited/lifetime benefit periods) and (with/without inflation protection), please provide (in Excel format) the following projections on a nationwide basis:

a.current assumptions and current rates

b.current assumptions and current rates, using actual nationwide premiums (not Virginia rate level)

c.current assumptions and current rates, including paid-up policies (if any)

d.current assumptions with the proposed rate increase

SERFF Tracking #:	WAKE-131598868	State Tracking #:	WAKE-131598868	Company Tracking #:	KEGAFAINDEDLTCRIVA
State:	Virginia	Filing Company:	American Fidelity Assurance Company		
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
Product Name:	2018 AFA Ind Ed LTC Rate Increase				
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA				

e.current assumptions with the proposed rate increase, but with no shock lapses, benefit reductions, CBUL, or adverse selection (if applicable)

f.current assumptions with premiums restated as if the proposed rate schedule had been in effect from inception

g.original assumptions and original premiums from inception

h.actual past experience (claims, mortality, lapse) but original assumptions in the future, with all premiums at the original premium scale from inception.

Projections a-h can be separate tabs or combined into separate columns on the same exhibit.

9.For each of the four subsets of the business above, please provide the active life reserves balance as of the projection date on a nationwide basis.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response Letter 10/25/2018
Comments:	
Attachment(s):	VA Objection Response 10-25-2018 AFA Ind Ed.pdf VA AFA Ind Ed Att 1 3-9 201810.xlsx QLTC02 VA AM.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,
Katlyn Gorman

SERFF Tracking #:	WAKE-131598868	State Tracking #:	WAKE-131598868	Company Tracking #:	KEGAFAINDEDLTCRIVA
State:	Virginia	Filing Company:	American Fidelity Assurance Company		
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
Product Name:	2018 AFA Ind Ed LTC Rate Increase				
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA				

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	10/12/2018
Submitted Date	10/12/2018

Dear Bill Dismore,

Introduction:

This correspondence is in response to your objection letter dated 9/28/18.

Response 1

Comments:

Please refer to the attached notification letters.

Related Objection 1

Comments: Policyholder Notification

Please provide the policyholder notification letter. If this has been approved in a prior filing, please provide the SERFF Tracking Number under which the Policyholder Letter and associated forms and endorsements that will be used were approved. If previously approved, please the documentation under Supporting Documentation. If a new form is to be used for the policyholder notification, please submit this under the Forms Schedule.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Notification Letters
Comments:	
Attachment(s):	PS 155VA (LTCBRO)_CBUL.PDF PS 155VA (LTCBRO)_SoV.PDF PS 155VA (LTCBRO)_SoV_signed.pdf PS 155VA_CBUL (1).PDF PS 155VA_CBUL.PDF PS 155VA_SoV_signed.pdf PS 155VA_Standard.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

State:	Virginia	Filing Company:	American Fidelity Assurance Company
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2018 AFA Ind Ed LTC Rate Increase		
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA		

Response 2

Comments:

Please refer to the attached response letter and supporting documentation.

Related Objection 2

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: 1) Please advise in which states the company has requested rate increases on this block, and describe how the rate changes requested in Virginia compare with those in other states, along with a listing of the status of the rate reviews in those other states.

2) Please provide the active life reserves on a nationwide basis.

3) Explain what, if any, margins are included in the proposed rates to ensure that future rate increases will not be needed presuming the experience develops as projected including a demonstration that actual and projected costs exceed costs anticipated at the time of initial pricing under moderately adverse experience and that the composite margin is projected to be exhausted.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response letter 10/12/2018
Comments:	
Attachment(s):	VA Objection Response 10-11-2018 AFA Ind Ed.pdf

SERFF Tracking #:	WAKE-131598868	State Tracking #:	WAKE-131598868	Company Tracking #:	KEGAFAINDEDLTCRIVA
State:	Virginia	Filing Company:	American Fidelity Assurance Company		
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
Product Name:	2018 AFA Ind Ed LTC Rate Increase				
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA				

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response letter 10/12/2018
Comments:	
Attachment(s):	VA Objection Response 10-11-2018 AFA Ind Ed.pdf
Satisfied - Item:	L&H Actuarial Memorandum
Comments:	Please refer to the response letter dated 10/12/2018.
Attachment(s):	VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	<i>VA policies were issued between 2004-2012.</i>
Attachment(s):	<i>VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf</i>
<i>Previous Version</i>	
Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	
Attachment(s):	<i>VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf</i>

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,
Katlyn Gorman

SERFF Tracking #:	WAKE-131598868	State Tracking #:	WAKE-131598868	Company Tracking #:	KEGAFAINDEDLTCRIVA
State:	Virginia	Filing Company:	American Fidelity Assurance Company		
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
Product Name:	2018 AFA Ind Ed LTC Rate Increase				
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA				

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	08/09/2018
Submitted Date	08/09/2018

Dear Bill Dismore,

Introduction:

This correspondence is in response to your objection letter dated 8/2/2018.

Response 1

Comments:

An current authorization letter has been attached under the supporting documentation tab.

Related Objection 1

Applies To:

- Authorization Letter (Supporting Document)

Comments: Please provide an updated Authorization Letter. The current letter attached to this filing expired June 9, 2018.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Authorization Letter
Comments:	
Attachment(s):	AFA LTC_RI_Authorization 20180807.pdf
<i>Previous Version</i>	
Satisfied - Item:	Authorization Letter
Comments:	
Attachment(s):	LTC_RI_Authorization.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments:

State:	Virginia	Filing Company:	American Fidelity Assurance Company
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2018 AFA Ind Ed LTC Rate Increase		
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA		

The correct SERFF Tracking # for the previous rate increase filing that was approved on October 11, 2017 is WAKE-130294793.

This has been corrected under the rate/rule schedule tab.

Related Objection 2

Comments: Rate/Rule Schedule

Please provide the correct SERFF Tr. # for the previous rate increase that was approved on October 11, 2017.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response Letter 8/9/2018
Comments:	
Attachment(s):	VA Objection Response 8-9-2018 AFA Ind Ed.pdf

No Form Schedule items changed.

Rate/Rule Schedule Item Changes						
Item No.	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments	Date Submitted
1	Rate Page	QLTC-02 (VA) AFA, AMDI-220, AMDI-221, AMDI-222, AMDI-223 (VA)	Revised	Previous State Filing Number: WAKE-130294793 Percent Rate Change Request: 14	VA AFA Ind Ed 23% Lifetime 0% Non-Lifetime rate pages 2018.pdf,	08/09/2018 By: Katlyn Gorman
<i>Previous Version</i>						
1	Rate Page	QLTC-02 (VA) AFA, AMDI-220, AMDI-221, AMDI-222, AMDI-223 (VA)	Revised	Previous State Filing Number: WAKE-131500199 Percent Rate Change Request: 14	VA AFA Ind Ed 23% Lifetime 0% Non-Lifetime rate pages 2018.pdf,	08/01/2018 By: Katlyn Gorman

Response 3

State:	Virginia	Filing Company:	American Fidelity Assurance Company
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2018 AFA Ind Ed LTC Rate Increase		
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA		

Comments:

VA policies were issued between 2004 and 2012.

Related Objection 3

Applies To:

- L&H Actuarial Memorandum (Supporting Document)

Comments: Provide the date each policy form was first issued in Virginia and the date the form was no longer marketed.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response Letter 8/9/2018
Comments:	
Attachment(s):	VA Objection Response 8-9-2018 AFA Ind Ed.pdf

Supporting Document Schedule Item Changes	
Satisfied - Item:	Response Letter 8/9/2018
Comments:	
Attachment(s):	VA Objection Response 8-9-2018 AFA Ind Ed.pdf

Satisfied - Item:	L&H Actuarial Memorandum
Comments:	VA policies were issued between 2004-2012.
Attachment(s):	VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf

Previous Version

Satisfied - Item:	<i>L&H Actuarial Memorandum</i>
Comments:	
Attachment(s):	<i>VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf</i>

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,
Katlyn Gorman

State:	Virginia	Filing Company:	American Fidelity Assurance Company
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2018 AFA Ind Ed LTC Rate Increase		
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA		

Note To Filer

Created By:

Bill Dismore on 03/21/2019 02:51 PM

Last Edited By:

Bill Dismore

Submitted On:

05/01/2019 06:41 AM

Subject:

Status Update - 3/21/2019

Comments:

Due to changes in our rate analysis process, this filing is currently under further review at management level. We will respond with additional information as soon as possible. Thank you.

State: Virginia **Filing Company:** American Fidelity Assurance Company
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.001 Qualified
Product Name: 2018 AFA Ind Ed LTC Rate Increase
Project Name/Number: American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA

Note To Reviewer

Created By:

Katlyn Gorman on 03/21/2019 02:09 PM

Last Edited By:

Katlyn Gorman

Submitted On:

03/21/2019 02:09 PM

Subject:

Status Update

Comments:

May I please get a status update on this filing?

Thank you,
Katlyn Gorman

State: Virginia **Filing Company:** American Fidelity Assurance Company
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.001 Qualified
Product Name: 2018 AFA Ind Ed LTC Rate Increase
Project Name/Number: American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA

Note To Reviewer

Created By:

Katlyn Gorman on 09/26/2018 01:01 PM

Last Edited By:

Katlyn Gorman

Submitted On:

09/26/2018 01:01 PM

Subject:

Status Update

Comments:

May I please get a status update on this filing?

Thank you,
Katlyn Gorman

State: Virginia **Filing Company:** American Fidelity Assurance Company
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.001 Qualified
Product Name: 2018 AFA Ind Ed LTC Rate Increase
Project Name/Number: American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA

Reviewer Note

Created By:

Bill Dismore on 11/22/2019 08:44 AM

Last Edited By:

Bill Dismore

Submitted On:

11/22/2019 08:54 AM

Subject:

Actuarial Review - Final Summary Report

Comments:

1/28/19-ARC finalized their actuarial review and submitted the Final Report.

January 28, 2019

Life and Health Division
Bureau of Insurance
State Corporation Commission
P. O. Box 1157
Richmond, VA 23218

Subject: **Actuarial Report for Long Term Care Rate Increase Filing
SERFF Tracking #WAKE-131598868**

At the request of the Virginia SCC Bureau of Insurance (the “Bureau”), I have reviewed the filing for the above captioned submission from **American Fidelity Assurance Company** (the “Company”). This is a filing of revised premium rates for a block of individual Long Term Care Insurance plans.

Recommendation

My review of this filing was performed according to the provisions of 14VAC5-200-153. Applicable Actuarial Standards of Practice were considered, including Actuarial Standard of Practice No. 18, “Long-Term Care Insurance” and Actuarial Standard of Practice No. 8, “Regulatory Filings for Rates and Financial Projections for Health Plans”. After review of the Company’s submission, I believe that the Company has demonstrated that the request is in compliance with all applicable regulations and recommend that the Bureau approve the rate increase as proposed.

Historical Background

There has been one previous increases of 0% for non-lifetime and 30% for lifetime benefits approved in 2017. The Company is currently requesting an increase of 0% for non-lifetime and 23% for lifetime benefits, averaging 14%.

The policies affected by this filing were issued from 2004 to 2012. As of 5/31/2018, there were 78 insureds with \$140K premium in force in Virginia, and 5,922 insureds with annual premiums of \$10.8M nationwide, making Virginia’s block approximately 1.3% of the total. 38 of the 78 policies have lifetime benefits and would be impacted by the increase.

Requests were sent to the Company for additional information and the Company’s responses clarified issues which arose during the course of my review. The Bureau was involved in all correspondence with the Company.

Methodology

My approach was to a) review the filing materials, b) check the filing contents and assumptions for compliance with all relevant regulations, c) verify the calculations in the supplied exhibits, and d) review the assumptions and projections for reasonableness.

Assumptions

Morbidity – The current morbidity assumptions are the original assumptions with modifiers based on Company experience through May 2018. The original assumptions were based on “actual experience of various carriers, numerous studies of non-insurance data, and judgment.” The A/E ratio for claims is 73% for lifetime and 16% for non-lifetime benefits.

The modifiers used in the current assumptions are based on 40 lifetime claims and 18 non-lifetime claims. As such, they have very limited credibility. The adjustment factors used in the current projections are credibility weighted with 1,082 claims representing full credibility. The factors are then graded back to 1.0 over 5 years for lifetime and 15 years for non-lifetime. Since both factors are less than 1.0, this adjustment results in improved loss ratios.

Voluntary Lapse –The current lapse assumptions are based on Company experience and fit reasonably well with the actual historical experience with 84% A/E for durations 6+. The ultimate lapse rate is 0.3% for lifetime and 1.3% for non-lifetime at durations 16+. This is then decreased by 0.25% for moderately adverse conditions. The original ultimate assumptions varied by issue age, but only a sample of rates was given in the original memorandum. The Company claims that the overall ultimate rate was 2.0%, but several values in the sample rates given were well below 1.0%.

Mortality – The mortality is set at 100% of the 2008 VBT S&U, M/F. Original mortality was based on the 1994 GAM. The actual mortality is still running well below even the revised assumption (40% range), but trending upward.

Interest – The Company is discounting at the average valuation interest rate of 4.04%. The original earnings rate was 5.5% grading up to 7.0% over 15 years.

Loss Ratio Projections

The minimum loss ratio standard of 14VAC5-200-153 is based on the 58/85 Test.

The Company provided projections broken down by benefit period. They did not split out by inflation type since they report that less than 1% of the business has inflation protection.

58/85 Test

	Required Claims	Proj Claims	Pass/Fail
Lifetime	156.4	164.3	PASS
Non-Lifetime	54.6	49.1	FAIL

Traditional Loss Ratios			Future LR w/ALR		Lifetime Loss Ratio		
	Requested Increase	Original LR	No Increase	With Increase	No Increase	With Increase	From Inception
Lifetime	23%	76%	130%	107%	91%	82%	64%
Non-Lifetime	0%	67%	74%	74%	61%	61%	61%

An alternative (rather restrictive) measure of testing for reasonableness of the premiums and to avoid recouping of past losses is to assess the lifetime loss ratio assuming the requested rates had been in effect from inception of the policy. At 64%, this is slightly lower than the original loss ratio of 76%, but higher than I see on most LTC filings.

Lapse Sensitivity Test

Because I noted that the ultimate lapse assumption of 0.3% includes a projection of decreasing trend and was lower than the experience is showing thus far, I asked the Company to provide sensitivity projections where the ultimate lapse rate was floored at 0.75%. Under this scenario, the lifetime loss ratio is 84% before the increase and 76% after the increase. Under this sensitivity, the increase would be justified under the rules of 14VAC5-200-153.B.2., but not under the stricter rules of 14VAC5-200-153.G.2. which only apply if most policies qualify for CBUL. Since this was just a sensitivity projection, I did not believe that it was necessary to ask the Company to determine which test would apply.

State Rate Equity

The current nationwide average for policies with lifetime benefits is 41% and the Company is actively pursuing a rate increase in each state in the amount necessary to reach a cumulative total increase of 60%. Because of this strategy, I do not recommend any reduction in the amount of increase based on this analysis.

Reliance and Qualifications

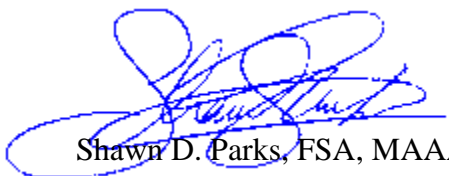
I am providing this letter to the Bureau as the sole intended user. The scope of the review relates only to compliance with applicable laws and regulations relating to the actuarial aspects of the filing under consideration, and the intended purpose is to communicate my findings regarding this filing. Distribution of this letter to parties other than the Bureau by me or any other party does not constitute advice by me to those parties. The reliance of parties other than the Bureau on any aspect of this work is not authorized by me and is done at their own risk.

In arriving at my opinion, I used and relied on information provided by the Company and the Bureau without independent investigation or verification. If this information is inaccurate, incomplete, or out of date, my findings and conclusions may need to be revised. While I have relied on the data provided without independent investigation or verification, I have reviewed the data for consistency and reasonableness. In the event that I found the data inconsistent or unreasonable, I have requested clarification.

I am a member of the American Academy of Actuaries and meet that body's Qualification Standards to render this opinion. I am responsible for this work and have utilized generally accepted actuarial methodologies in arriving at my opinion.

If you have any questions regarding this filing, please contact me to discuss.

Sincerely,



Shawn D. Parks, FSA, MAAA

State: Virginia **Filing Company:** American Fidelity Assurance Company
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.001 Qualified
Product Name: 2018 AFA Ind Ed LTC Rate Increase
Project Name/Number: American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA

Reviewer Note

Created By:

Bill Dismore on 09/27/2018 12:29 PM

Last Edited By:

Bill Dismore

Submitted On:

11/22/2019 08:54 AM

Subject:

RRS

Comments:

Rate Review Summary

Long Term Care Insurance Rate Request Summary
Part 1 – To Be Completed By Company

Reset Form

Company Name and NAIC Number:	American Fidelity Assurance Company - NAIC 60410
SERFF Tracking Number:	WAKE-131598868
Effective Date:	9/1/2018

Revised Rates

Average Annual Premium Per Member:	\$2052
Average Requested Percentage Rate Change Per Member:	14%
Minimum Requested Percentage Rate Change Per Member:	0%
Maximum Requested Percentage Rate Change Per Member:	23%
Number of Policy Holders Affected :	78

Plans Affected

(The Form Number and “Product Name”)

Form#	“Product Name”(if applicable)
QLTC-02(VA) AFA AMDI-220 AMDI-221 AMDI-222 AMDI-223(VA)	Tax Qualified Individual Long Term Care Insurance Policy Tax Qualified Spousal Rider Tax Qualified Couples Enhancement Rider Tax Qualified Compound Inflation Protection Rider Tax Qualified Nonforfeiture Benefit Rider

Attach a brief narrative to summarize the key information used to develop the rates including the main drivers for the revised rates.

This document is intended to help explain the rate filing and it is only a summary of the company’s request. It is not intended to describe or include all factors or information considered in the review process. For more detailed information, please refer to the complete filing.

Based on our analysis of the policies covered under this form, it was determined that a rate increase is necessary to adequately fund our long term care claims. More of our customers have retained their long term care policies over the years than we originally anticipated. Because of this, we have experienced and expect to experience higher claims than we initially accounted for when we rated this product. The current premiums being received do not support the claims we have experienced and expect to experience in the future. Unfortunately when this occurs, it becomes necessary to increase premiums.

The American Fidelity Assurance Company (the Company) requested a 23% increase on policy forms with a lifetime benefit and 0% increase on policy forms with a limited benefit for this block of group long-term care insurance forms. As the forms were issued in Virginia from 2004 through 2012, the experience was reviewed based on the rules in effect at the time of issue. For policies issued on or after October 1, 2003, they were reviewed according to the requirements of 14VAC5-200-153 (post rate stability block).

The Bureau of Insurance's (the Bureau) consulting actuary reviewed the filing and indicated that the rate increase will result in future and lifetime loss ratios more than the original target for the post rate stability block for those policies with a lifetime benefit. Therefore, the company was advised that the Bureau would approve the rate increase for those policy forms with a lifetime benefit but not the policy forms with a limited benefit. The Company modified by the filing accordingly.

This increase will impact approximately 78 insureds in Virginia and the Company advised that they do not intend to increase rates further on this block unless the actual experience is worse than projected. The primary reasons for the rate increase are that policyholders are living longer and keeping their policies in force longer, which has resulted in more claims being filed than the Company anticipated when the policy was originally priced. The Company determined that a premium increase is necessary to reflect that future claims are expected to be significantly higher on these policies than originally expected or priced and to ensure that sufficient funds are available to pay claims.

The Company is offering all policyholders options to reduce the premium increase by reducing their coverage. These reductions could be in the form of lower daily benefits, a shorter benefit period, a longer elimination period, the termination of riders or any combination of these reductions, or a paid-up policy equal to the sum of premiums paid. Specific options are included in the letter sent to all policyholders notifying them of the rate increase or can be discussed with the company by calling its customer service department.

The filing can be reviewed on the Bureau's webpage under the Rate/Policy Form Search at:

<http://www.scc.virginia.gov/boi/SERFFInquiry/default.asp>.

State: Virginia **Filing Company:** American Fidelity Assurance Company
TOI/Sub-TOI: LTC03I Individual Long Term Care/LTC03I.001 Qualified
Product Name: 2018 AFA Ind Ed LTC Rate Increase
Project Name/Number: American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA

Post Submission Update Request Processed On 08/09/2018

Status: Allowed
Created By: Katlyn Gorman
Processed By: Bill Dismore
Comments:

Rate Information:

Field Name	Requested Change	Prior Value
Overall Pct. of Last Revision	30.000%	0.000%
Effective Date of Last revision	10/11/2017	07/03/2018
SERFF Tracking Number of Last Filing	WAKE-130294793	WAKE-131500199

SERFF Tracking #:	WAKE-131598868	State Tracking #:	WAKE-131598868	Company Tracking #:	KEGAFAINDEDLTCRIVA
State:	Virginia	Filing Company:	American Fidelity Assurance Company		
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
Product Name:	2018 AFA Ind Ed LTC Rate Increase				
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA				

Rate Information

Rate data applies to filing.

Filing Method:	SERFF
Rate Change Type:	Increase
Overall Percentage of Last Rate Revision:	30.000%
Effective Date of Last Rate Revision:	10/11/2017
Filing Method of Last Filing:	SERFF
SERFF Tracking Number of Last Filing:	WAKE-130294793

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
American Fidelity Assurance Company	23.000%	14.000%	\$32,286	78	\$140,376	23.000%	0.000%

State:	Virginia	Filing Company:	American Fidelity Assurance Company
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2018 AFA Ind Ed LTC Rate Increase		
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA		

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Rate Page	QLTC-02 (VA) AFA, AMDI-220, AMDI-221, AMDI-222, AMDI-223 (VA)	Revised	Previous State Filing Number: WAKE-130294793 Percent Rate Change Request: 14	VA AFA Ind Ed 23% Lifetime 0% Non-Lifetime rate pages 2018.pdf,

American Fidelity Assurance Company

Individual Long Term Care Insurance Policy QLTC-02 AFA Proposed Premium Rate Schedules

Annual Rates per \$10 Daily Maximum Benefit
90 Day Elimination Period

Issue Age	Individual Coverage Preferred Rates by Lifetime Maximum Benefit Factor			
	730	1095	1825	Unlimited
18-40	31.26	34.69	42.30	79.67
41	31.59	35.05	42.73	80.52
42	31.93	35.42	43.18	81.38
43	32.27	35.80	43.62	82.23
44	32.61	36.18	44.08	83.11
45	32.95	36.56	44.53	83.99
46	33.30	36.95	45.00	84.88
47	33.65	37.34	45.47	85.79
48	34.01	37.73	45.94	86.69
49	34.37	38.13	46.41	87.60
50	34.73	38.54	46.90	88.53
51	38.70	43.04	52.54	98.68
52	43.13	48.07	58.87	109.98
53	48.05	53.70	65.96	122.59
54	53.54	59.97	73.90	136.64
55	59.66	66.98	82.80	152.28
56	63.98	71.85	88.72	162.72
57	68.61	77.09	95.08	173.87
58	73.57	82.70	101.89	185.80
59	78.89	88.73	109.18	198.53
60	84.60	95.20	117.00	212.12
61	91.31	102.55	126.55	229.08
62	98.56	110.47	136.90	247.40
63	106.38	119.00	148.08	267.19
64	114.81	128.19	160.18	288.54
65	123.92	138.09	173.27	311.60
66	134.58	149.49	187.42	338.18
67	146.16	161.82	202.73	367.03
68	158.73	175.18	219.30	398.33
69	172.39	189.64	237.21	432.32
70	187.22	205.30	256.60	469.18
71	203.33	222.24	277.56	509.20
72	220.82	240.59	300.24	552.63
73	239.81	260.44	324.77	599.78
74	260.44	281.94	351.30	650.92
75	282.85	305.21	380.00	706.45
76	307.18	330.40	411.05	766.69
77	333.61	357.68	444.63	832.09
78	362.31	387.20	480.96	903.06
79	393.48	419.17	520.26	980.08
80	427.33	453.77	562.76	1,063.69
81	464.09	491.22	608.74	1,154.41
82	504.01	531.77	658.48	1,252.86
83	547.37	575.66	712.28	1,359.74
84	594.46	623.18	770.47	1,475.71

American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA with AMDI-220
Proposed Premium Rate Schedules

Annual Rates per \$10 Daily Maximum Benefit
90 Day Elimination Period

Issue Age	Joint Coverage Preferred Rates by Lifetime Maximum Benefit Factor		
	1095	1825	Unlimited
18-40	26.01	31.72	59.76
41	26.29	32.05	60.39
42	26.57	32.39	61.03
43	26.85	32.71	61.68
44	27.13	33.06	62.33
45	27.42	33.40	63.00
46	27.71	33.75	63.66
47	28.00	34.10	64.34
48	28.30	34.46	65.01
49	28.60	34.81	65.69
50	28.90	35.17	66.39
51	32.28	39.40	74.00
52	36.05	44.15	82.48
53	40.27	49.47	91.95
54	44.98	55.42	102.47
55	50.23	62.10	114.21
56	53.89	66.54	122.04
57	57.81	71.30	130.41
58	62.03	76.41	139.35
59	66.55	81.89	148.90
60	71.40	87.75	159.10
61	76.91	94.91	171.81
62	82.85	102.67	185.54
63	89.25	111.06	200.39
64	96.14	120.13	216.40
65	103.57	129.95	233.71
66	112.11	140.57	253.63
67	121.37	152.05	275.28
68	131.39	164.47	298.74
69	142.23	177.91	324.24
70	153.97	192.45	351.89
71	166.68	208.17	381.90
72	180.44	225.18	414.48
73	195.33	243.58	449.83
74	211.46	263.48	488.19
75	228.91	285.00	529.83
76	247.80	308.29	575.02
77	268.26	333.48	624.06
78	290.40	360.72	677.29
79	314.38	390.20	735.07
80	340.32	422.07	797.76
81	368.41	456.56	865.80
82	398.82	493.86	939.65
83	431.74	534.20	1,019.80
84	467.39	577.85	1,106.77

American Fidelity Assurance Company

Individual Long Term Care Insurance Policy QLTC-02 AFA

Proposed Premium Rate Schedules

Elimination Period Factors:

Elimination Period (Days)	Factor
30	1.055
90	1.000
180	0.960

Modal Premiums:

Mode	Factor
Annual	1.0000
Semi-annual	0.5100
Quarterly	0.2600
Monthly	0.0875

Risk Factors:

Characteristic	Factor
Select	0.85
Preferred	1.00
Standard	1.15

Single Factor Optional Benefits:

Form Number	Optional Benefit	Factor
AMDI-223(VA)	Nonforfeiture	1.20
AMDI-221	Couple's Enhancement	1.33

Age Rated Benefit Factors:

AMDI-222 Compound		AMDI-222 Compound	
Issue Age	Inflation	Issue Age	Inflation
18-49	3.35	67	1.99
50	3.35	68	1.93
51	3.26	69	1.88
52	3.17	70	1.83
53	3.08	71	1.77
54	2.99	72	1.72
55	2.91	73	1.66
56	2.80	74	1.61
57	2.70	75	1.56
58	2.61	76	1.51
59	2.51	77	1.46
60	2.42	78	1.42
61	2.35	79	1.37
62	2.29	80	1.33
63	2.22	81	1.29
64	2.16	82	1.25
65	2.10	83	1.21
66	2.04	84	1.17

State:	Virginia	Filing Company:	American Fidelity Assurance Company
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2018 AFA Ind Ed LTC Rate Increase		
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA		

Supporting Document Schedules

Satisfied - Item:	Certification of Compliance
Comments:	Not applicable for rate filing.
Attachment(s):	
Item Status:	Received & Acknowledged
Status Date:	11/22/2019

Satisfied - Item:	Product Checklist
Comments:	
Attachment(s):	lhindivdltc.pdf
Item Status:	Received & Acknowledged
Status Date:	11/22/2019

Satisfied - Item:	L&H Actuarial Memorandum
Comments:	Please refer to the response letter dated 1/8/2019 with regard to your objection letter dated 1/3/2019.
Attachment(s):	VA AFA Ind Ed 2018 Actl Just at 23% Lifetime 0% Non Lifetime.pdf
Item Status:	Received & Acknowledged
Status Date:	11/22/2019

Satisfied - Item:	Long Term Care Insurance Rate Request Summary
Comments:	
Attachment(s):	ltcratereq_sum.pdf
Item Status:	Received & Acknowledged
Status Date:	11/22/2019

Satisfied - Item:	Authorization Letter
Comments:	
Attachment(s):	AFA LTC_RI_Authorization 20180807.pdf
Item Status:	Received & Acknowledged
Status Date:	11/22/2019

Satisfied - Item:	Current Rates
Comments:	
Attachment(s):	VA Ind Educ QLTC-02 AFA - Rate Pages 30% 0% 201709-Current Rates.pdf
Item Status:	Received & Acknowledged

State:	Virginia	Filing Company:	American Fidelity Assurance Company
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2018 AFA Ind Ed LTC Rate Increase		
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA		

Status Date:	11/22/2019
Satisfied - Item:	Response Letter 8/9/2018
Comments:	
Attachment(s):	VA Objection Response 8-9-2018 AFA Ind Ed.pdf
Item Status:	Received & Acknowledged
Status Date:	11/22/2019
Satisfied - Item:	Response letter 10/12/2018
Comments:	
Attachment(s):	VA Objection Response 10-11-2018 AFA Ind Ed.pdf
Item Status:	Received & Acknowledged
Status Date:	11/22/2019
Satisfied - Item:	Notification Letters
Comments:	
Attachment(s):	PS 155VA (LTCBRO)_CBUL.PDF PS 155VA (LTCBRO)_SoV.PDF PS 155VA (LTCBRO)_SoV_signed.pdf PS 155VA_CBUL (1).PDF PS 155VA_CBUL.PDF PS 155VA_SoV_signed.pdf PS 155VA_Standard.pdf
Item Status:	Received & Acknowledged
Status Date:	11/22/2019
Satisfied - Item:	Response Letter 10/25/2018
Comments:	Please refer to Response Letter 11/29/2018 with regard to your objection letter dated 11/13/2018.
Attachment(s):	VA Objection Response 10-25-2018 AFA Ind Ed.pdf VA AFA Ind Ed Att 1 3-9 201810.xlsx QLTC02 VA AM.pdf
Item Status:	Received & Acknowledged
Status Date:	11/22/2019
Satisfied - Item:	Response Letter 11/29/2018
Comments:	Please refer to Response Letter 1/8/2019 in regards to your objection letter dated 1/3/2019.
Attachment(s):	VA Objection Response 11-2018 AFA Ind Ed.pdf VA AFA Ind Ed Exh D Att 3-9 201811.xlsx
Item Status:	Received & Acknowledged

State:	Virginia	Filing Company:	American Fidelity Assurance Company
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified		
Product Name:	2018 AFA Ind Ed LTC Rate Increase		
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA		

Status Date:	11/22/2019
Satisfied - Item:	Response Letter 01/08/2019
Comments:	
Attachment(s):	VA Objection Response 1-8-2019 AFA Ind Ed.pdf
Item Status:	Received & Acknowledged
Status Date:	11/22/2019
Satisfied - Item:	Response Letter 01/16/2019
Comments:	
Attachment(s):	VA Objection Response 1-16-2019 AFA Ind Ed.pdf VA AFA Ind Ed Att 5-6 20190116.xlsx
Item Status:	Received & Acknowledged
Status Date:	11/22/2019

SERFF Tracking #:	WAKE-131598868	State Tracking #:	WAKE-131598868	Company Tracking #:	KEGAFAINDEDLTCRIVA
<hr/>					
State:	Virginia	Filing Company:	American Fidelity Assurance Company		
TOI/Sub-TOI:	LTC03I Individual Long Term Care/LTC03I.001 Qualified				
Product Name:	2018 AFA Ind Ed LTC Rate Increase				
Project Name/Number:	American Fidelity Assurance Company/KEGAFAINDEDLTCRIVA				

Attachment VA AFA Ind Ed Att 1 3-9 201810.xlsx is not a PDF document and cannot be reproduced here.

Attachment VA AFA Ind Ed Exh D Att 3-9 201811.xlsx is not a PDF document and cannot be reproduced here.

Attachment VA AFA Ind Ed Att 5-6 20190116.xlsx is not a PDF document and cannot be reproduced here.

Review Requirements Checklist
INDIVIDUAL LONG-TERM CARE INSURANCE

REVIEW REQUIREMENTS	REFERENCE	COMMENTS
General Filing Requirements		
Transmittal Letter	14 VAC 5-100-40	For Paper Filings: Must be submitted in duplicate for each filing, describing each form, its intended use and kind of insurance provided.
	14 VAC 5-100-40 1	Forms submitted and described in transmittal letter must have a number that consists of digits, letters, or a combination of both.
	14 VAC 5-100-40 2	Must clearly indicate if forms are replacements, revisions, or modifications of previously approved forms and describe the exact changes that are intended.
	14 VAC 5-100-40 3	Certification of Compliance signed by General Counsel or officer of company or attorney or actuary representing company is required.
	14 VAC 5-100-40 5	Description of market for which the form is intended.
	14 VAC 5-100-40 6	For Paper Filings: At least one copy of each form must be included in the filing. A duplicate copy of forms must be submitted if the company wants a "stamped" copy of forms for its records. A stamped self-addressed return envelope is required. The letter of transmittal must be addressed to: State Corporation Commission, Bureau of Insurance, P. O. Box 1157, Richmond, VA 23218.
	Administrative Letter 1983-7	Must include the name and NAIC number of the company for which the filing is made.
Additional SERFF Filing Requirements	Administrative Letter 2012-03	Additional SERFF filing requirements must be met as specified below for life and health forms and rate filings. Failure to provide the applicable information will result in a "rejected" filing.
General Information – Filing Description		(i) Description of each form by name, title, edition date, other; and intended use.
		(ii) Identification of changes in benefits and premiums (previously approved or filed forms). [Place changed contract provisions (red-lined or highlighted) in Supporting Documentation].
		(iii) Identification of SERFF or state tracking number for the previously approved or filed form for which the new form revises, replaces, or is intended to be used.
		(iv) A statement as to whether any other regulatory body has withdrawn approval of the form because the form contains one or more provisions that were deemed to be misleading, deceptive or contrary to public policy.
HELP TIP:		If a form or rate filing is submitted as new in Virginia, but was previously disapproved or withdrawn in Virginia, please provide details such as the tracking information, form number, and the date that the form or rate filing was disapproved or withdrawn, if available.

Review Requirements Checklist
INDIVIDUAL LONG-TERM CARE INSURANCE

REVIEW REQUIREMENTS	REFERENCE	COMMENTS
Rate Changes		(i) Specify the number of affected policyholders.
		(ii) Provide the reason(s) for the proposed change(s).
		(iii) Include a statement regarding an increase, decrease, revision of former rates.
		(iv) Specify the percentage amount(s) of the change(s).
Forms		
Form number	14 VAC 5-100-50 1	Form number must appear in lower left-hand corner of first page of each form.
Company name & address	14 VAC 5-100-50 2	Full and proper corporate name (including "Inc.") must prominently appear on cover sheet of all policies and other forms. Home office address of insurer must prominently appear on each policy.
Final form	14 VAC 5-100-50 3	Form must be submitted in the final form in which it will be issued and completed in "John Doe" fashion to indicate its intended use.
Application	14 VAC 5-100-50 4	Any form, which is to be issued with an attached application, must be filed with a copy of the application completed in "John Doe" fashion to indicate its intended use. (If application was previously approved, advise date of approval.)
Type Size	14 VAC 5-100-50 5	Individual Accident and Sickness forms must be printed with type size of at least ten-point type. All other forms must be printed with type size of at least eight-point.
Arbitration	§ 38.2-312	Contract may not deprive courts of Virginia jurisdiction in actions against insurer. Arbitration may not be binding.
Fraud Notice	§ 38.2-316 D 1	Title 38.2 of the Insurance Code does not define "Insurance Fraud." Any notice regarding insurance fraud is in non-compliance with this section of the Code. Variations in a notice warning of consequences of making fraudulent statements are acceptable. The notice may disclose that it does not apply in Virginia or may disclose states where applicable.
Readability Certification	14 VAC 5-110-60	Readability certification is required as described in the regulation.
Entire Consideration	§ 38.2-3500 A 1	The entire consideration is expressed in the policy.
Effective-Termination Time	§ 38.2-3500 A 2	The time (clock time) the policy becomes effective and terminates is expressed in the policy.
DMAS Payor of Last Resort	§ 38.2-3500 A 7	Every accident and health policy must contain a statement indicating the Department of Medical Assistance Services as the payor of last resort.
Definition of Eligible Family members	§ 38.2-3500 C	The definition establishes that eligible dependent children may not be required to live in the household as the policyowner.
Handicapped Child Coverage	§ 38.2-3409	Upon termination due to age, coverage will be continued for: (1) persons incapable of self-sustaining employment by reason of intellectual disability or physical handicap; and (2) chiefly dependent on the insured for support and maintenance. Additional premium may be charged based upon class of risks.
Renewal Provision	14 VAC 200-70 A & 14 VAC 5-200-60 A	The regulation specifies the content of the renewability provision. The renewal provision must be either guaranteed renewable or noncancellable.
LTC Caution Notice	14 VAC 5-200-80 C 2	Required language in bold print .

Review Requirements Checklist
INDIVIDUAL LONG-TERM CARE INSURANCE

REVIEW REQUIREMENTS	REFERENCE	COMMENTS
30-Day Free Look	§ 38.2-5208 A	
Notice to Buyer	14 VAC 5-200-170 A 3	Required language.
General Provisions		
Contents of Policy	38.2-305 A	Parties to policy named; subject of insurance; risks insured against; time insurance takes effect; statement of the premium.
Entire Contract	§ 38.2-3503 1	The provision defines the contents of the entire contract.
Grace Period	§ 38.2-3503 3	The provision defines the grace period and length of the various acceptable grace periods.
	14 VAC 5-200-65 A 3	The policy must specify an additional 30 days for an unintentional lapse of coverage.
Reinstatement	§ 38.2-3503 4	
	14 VAC 5-200-65 B	The regulation provides for an extended reinstatement period in the event of policy lapse due to cognitive impairment.
Notice of Claim	§ 38.2-3503 5	
Claim Forms	§ 38.2-3503 6	
Proof of Loss	§ 38.2-3503 7	
Time Payment of Claims	§ 38.2-3503 8	The provision specifies when benefits will be paid.
Payment of Claims	§ 38.2-3503 9	The provision specifies to whom benefits will be paid
Physical Examinations and Autopsy	§ 38.2-3503 10	
Legal Actions	§ 38.2-3503 11	
Change of Beneficiary	§ 38.2-3503 12	(For payment to beneficiaries, see Payment of Claims provision-§ 38.2-3503 9.)
Incontestability	§ 38.2-5209	The provision contains specific incontestability language for long-term care insurance.
Age Limit	§ 38.2-3513 A	If the policy establishes an age-limit after which coverage will no longer be effective, and if the date falls within a period for which a premium is accepted by the insurer or the insurer accepts a premium after the date, the coverage provided by the policy will continue in force until the end of the period for which the premium has been accepted.
	§ 38.2-3513 B	If the age of the insured has been misstated and the policy would not have been issued according to the correct age of the insured, the policy would not have become effective or would have ceased prior to the acceptance of the premium, then the liability of the insurer shall be limited to the refund of the premium paid for the period not covered by the policy.
Optional Provisions		
Change of Occupation	§ 38.2-3504 1	
Misstatement of Age	§ 38.2-3504 2	
Other Insurance in this Company	§ 38.2-3504 3	
Insurance with Other Company	§ 38.2-3504 4	
Insurance with Other Company	§ 38.2-3504 5	
Unpaid Premiums	§ 38.2-3504 7	
Conformity with State Statutes	§ 38.2-3504 9	Must use "resides" language

Review Requirements Checklist
INDIVIDUAL LONG-TERM CARE INSURANCE

REVIEW REQUIREMENTS	REFERENCE	COMMENTS
Illegal Occupation	§ 38.2-3504 10	
Intoxicants and Narcotics	§ 38.2-3504 11	
Prohibited Provisions		
	§ 38.2-5203	Specified provisions prohibited in a long-term care policy.
	§ 38.2-5205 A	Prior institutionalization may not be a requirement to receive benefits.
	14 VAC 5-200-190	Preexisting conditions and waiting periods may not be used in replacement policies.
Subrogation	§ 38.2-3405 A	No policy shall contain a provision regarding subrogation of any person's right to recovery for personal injuries from a third person.
Liability Insurance	§ 38.2-3405 B	Benefits may not be reduced due to benefits payable due to benefits provided by a liability insurance contract.
Workers' Compensation	§ 38.2-3405 D	The statute discusses exceptions to exclusions due to benefits payable under workers' compensation.
Minimum Standards for Home Health Care	14 VAC 5-200-90	The minimum standards include prohibited exclusions and restrictions regarding home health care benefits.
LTC Policy Requirements		
Duration of Benefits	§ 38.2-5200	Coverage must be provided for a minimum of 12 months.
Refund of Premium for Cancellation or Termination of Policy	§ 38.2-5202.1	Provides for the termination of the policy by the insured and for cancellation of the policy by the insurer , except when coverage is for the duration of life and premium is a single installment payment.
Preexisting Condition	§ 38.2-5204	Defines look-back period and limitation period for preexisting conditions.
	14 VAC 5-200-70 D	If policy includes limitations due to a preexisting condition, such limitations must be included labeled as "Preexisting Condition Limitations."
Limitations or Conditions on Eligibility for Benefits	§ 38.2-5205 B 14 VAC 5-200-187	Permissible benefit triggers and requirements.
Definitions	14 VAC 5-200-50	Certain terms defined.
UCR defined	14 VAC 5-200-70 C	The term must be defined If benefits are based on usual, reasonable and customary charges.
Limitations and Exclusions	14 VAC 5-200-60 B	
	§ 38.2-3504 11	Intoxicants and narcotics
Extension of benefits	14 VAC 5-200-60 C	
Right to Reduce Coverage and Lower Premiums	14 VAC 5-200-183	The policy shall include a provision that allows the policyholder to reduce coverage and lower the premium.
Nonforfeiture Benefit Requirement	14 VAC 5-200-185 B	Offer made to the policyholder. Refer to the regulation for specifics.
Contingent Benefit Upon Lapse	14 VAC 5-200-185 C	If the offer of the nonforfeiture benefit is declined, the contingent benefit upon lapse shall be provided.
Required to Offer Inflation Protection	14 VAC 5-200-100 A	

Review Requirements Checklist
INDIVIDUAL LONG-TERM CARE INSURANCE

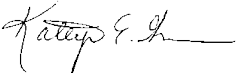
REVIEW REQUIREMENTS	REFERENCE	COMMENTS
Signed Acceptance for Riders and Amendments	14 VAC 5-200-70 B	All riders and/or endorsements that added to a policy after the date of issue that reduces, restricts, or eliminates benefits in the policy will require signed acceptance. Also, where a separate premium is charged for a rider or endorsement, the premium will be set forth in the policy, rider, or endorsement.
LTC Personal Suitability Worksheet	14 VAC 5-200-175-C 2	The LTC personal suitability worksheet must be submitted with the policy.
Disclosures		
	§ 38.2-5207 1; 14 VAC 5-200-200	The statute requires that an outline of coverage be provided to the insured. The statute also specifies the information that should be included in the outline.
	§ 38.2-5207 4; 14 VAC 5-200-70 H	A tax-qualified plan must be definitively identified as such.
	14 VAC 5-200-70 I	A non-tax-qualified plan must be identified as such.
	14 VAC 5-200-75 D	Any reference to a premium increase shall disclose that notice of premium increase shall be at least 60 days prior to the increase.
Policies that include issue ages of 65 or higher	14 VAC 5-170-150 E 1	Any policy marketed to persons age 65 or older must contain a notice that discloses that the policy is not a Medicare supplement policy or certificate.
Rates		
	§ 38.2-5206	
	14 VAC 5-200-150	The regulation specifies the expected loss ratio.
	14 VAC 5-130-60 A and 130-60 B; 14 VAC 5-200-77	The regulation specifies rate filing and actuarial memorandum requirements.

Access to Administrative Letters, Administrative Orders, Regulations and Laws is available at:
<http://www.scc.virginia.gov/boi/laws.aspx>

The Life and Health Division, Forms and Rates Section reviews individual long-term care insurance. Please contact this section at (804) 371-9110 if you have questions or need additional information about this line of insurance.

Review Requirements Checklist
INDIVIDUAL LONG-TERM CARE INSURANCE

I hereby certify that I have reviewed the attached individual long-term care filing and determined that it is in compliance with the individual long-term care checklist.

Signed: 

Name (please print): Katlyn Gorman

Company Name: Wakely Actuarial

Date: 8/1/2018 Phone No: () (888)590-5504 Ext 2100 FAX No: () (727)373-4559

E-Mail Address: katlyn.gorman@wakelyactuarial.com

American Fidelity Assurance Company

**ACTUARIAL JUSTIFICATION OF PREMIUM RATES
Long Term Care and Home Health Care
Policies**

1. PURPOSE OF FILING

This is a rate increase filing for an existing rate stabilized Long Term Care form and attached riders. The purpose of this rate increase filing is to demonstrate that the requirements for a rate increase for your state are satisfied. This rate increase filing is not intended to be used for any other purpose. This product was priced under rate stabilization. As some states had not yet adopted the new NAIC model, this product was not filed under rate stabilization in all states. Despite this, we are using the more stringent rate stabilization tests in all states.

A rate increase is being requested on these policy forms due to adverse experience.

2. SCOPE OF FILING

This filing applies to the Company's Long Term Care policy form and rider forms as shown below:

QLTC-02(VA) AFA	Tax Qualified Individual Long Term Care Insurance Policy
AMDI-220	Tax Qualified Spousal Rider
AMDI -221	Tax Qualified Couples Enhancement Rider
AMDI-222	Tax Qualified Compound Inflation Protection Rider
AMDI-223(VA)	Tax Qualified Nonforfeiture Benefit Rider

These forms provide daily benefits for long term treatment in various settings when the insured meets policy benefit qualification requirements. These forms are individual, guaranteed renewable policies.

These policies are not actively being marketed, The rate increase will apply to inforce policies only.

The number of policyholders and annualized inforce premium as of 5/31/2018, as well as average premium are shown in Exhibit A.

3. DESCRIPTION OF BENEFITS

All of these policies provide daily benefits for those who meet the benefit eligibility requirements for long term care and/or home health care.

4. ISSUE AGE RANGE

Actively at work employee policies were issued for issue ages 18 and over and all other policies were issued for issue ages 18-74. The average issue age was 53 for Virginia policyholders and 53 for nationwide policyholders.

	Virginia	Nationwide
<u>ISSUE AGE</u>	<u>Inforce</u>	<u>Inforce</u>
<35	0	32
35-39	2	86
40-44	3	267
45-49	10	929
50-54	33	2020
55-59	23	1753
60-64	7	749
65-69	0	77
70-74	0	9
TOTAL	78	5922

5. REASON FOR RATE INCREASE REQUEST

The rate increase amount requested is 23% for policies with a lifetime or unlimited benefit period and 0% for policies with a non-lifetime benefit periods. We believe this rate increase structure best reflects the experience and is fairest to consumers. The table below summarizes the rate increase amount and the lifetime loss ratio expected for each of the sub-blocks if the rate increase is implemented.

	Rate Increase	Lifetime
Benefit Period	Amount	Loss Ratio
Lifetime	23%	81.8%
Non Lifetime	0%	60.6%

The rate increase is necessary because the emerging experience reveals actual policy persistency that is higher than originally assumed in product pricing. Attached is Exhibit B with the originally anticipated loss ratios by duration for these policy forms. This filing demonstrates that actual past experience combined with our projection of future experience would result in a lifetime loss ratio will be 81.3%.

For projection purposes, the proposed effective date is March 1, 2019.

6. RATE INCREASE HISTORY

30% on Lifetime benefit periods/0% on Non-Lifetime benefit periods - Approved October 11, 2017

7. PROJECTION ASSUMPTIONS

Interest – A 4.04% effective annual rate of interest has been assumed for accumulating historical experience and for discounting projected future experience. It is the maximum valuation rate for approximately 75% of the policyholders.

Morbidity - For purposes of projecting future incurred claims, pricing morbidity assumptions have been modified to reflect the most recent 5 years of historical experience.

A provision for moderately adverse deviation has been added in the form of 10% of additional claims. Any event or combination of future assumption changes that exceed the impact of 10% of future claims in our projection will be used to test the moderately adverse trigger.

Mortality - For purposes of projecting future earned premium, mortality assumptions have been modified from the original pricing expectations. Specifically, the mortality being used for the projections is 100% of 2008 VBT, Select & Ultimate Mortality Table, Male/Female.

Persistency - Lapses were developed by studying total terminations minus expected mortality.

The lapse rates used in the projections are as follows:

Policy Year	Lapse Rate		Policy Year	Lapse Rate	
	Lifetime BP	Non-Lifetime BP		Lifetime BP	Non-Lifetime BP
1	10.80%	13.0%	9	2.1%	3.0%
2	8.30%	10.0%	10	1.5%	2.5%
3	6.70%	7.8%	11	1.1%	2.1%
4	5.60%	6.5%	12	0.9%	1.9%
5	4.90%	5.5%	13	0.7%	1.7%
6	4.30%	5.0%	14	0.5%	1.5%
7	3.60%	4.5%	15	0.4%	1.4%
8	2.80%	3.7%	16+	0.05%	1.05%

8. ACTIVE LIFE RESERVES

Statutory active life reserves are calculated as follows:

Issued Prior to 2005

Policy Year

1-4	100% of 1994 (loaded) GAM mortality and the lesser of 80% of pricing voluntary lapse rates and 8%;
5+	100% of 1994 (loaded) GAM mortality and the lesser of 100% of pricing voluntary lapse rates and 4%;

Issued 2005 and Later

Policy Year

1	100% of 1994 (loaded) GAM mortality and the lesser of 80% of pricing voluntary lapse rates and 6%;
2-4	100% of 1994 (loaded) GAM mortality and the lesser of 80% of pricing voluntary lapse rates and 4%;
5+	100% of 1994 (loaded) GAM mortality and the lesser of 100% of pricing voluntary lapse rates and 2%.

Interest:

<u>Issue Date Rate</u>	<u>Interest</u>
2005 and prior	4.5%
2006-2012	4.0%
2013+	3.5%

Active life reserves are not used in the calculation of loss ratios in the original filing or in this filing.

9. EXPENSES

Expenses have not been explicitly projected. It is assumed that the original expense assumptions, as a percentage of premium, continue to allow for adequate margins with the current rate structure.

10. HISTORICAL EXPERIENCE

Nationwide Experience since inception through 2017 is shown in Exhibit D. The following summarizes the historical loss ratios:

Earned Premiums	Incurred Claims*	Actual Loss Ratio
\$128,434,138	\$9,327,505	7.3%

Consistent with original filings, incurred claims do not include active life reserves.

* Incurred Claims are calculated as Paid Claims plus Claim Reserves and IBNR for claims through 12/31/2017 evaluated at 5/31/2018.

11. PROJECTED FUTURE EXPERIENCE

Future experience which has been projected for 75 years using the assumptions described in section 5 is shown in Exhibit D. The following summarizes the anticipated future loss ratios:

Projected Earned Premium	Projected Incurred Claims	Projected Loss Ratio
\$153,566,293	\$204,152,853	132.9%

Consistent with original filings, incurred claims do not include active life reserves.

12. LIFETIME ANTICIPATED LOSS RATIO

The lifetime anticipated loss ratio is defined as the present value of the historical and projected future incurred claims divided by the present value of the historical and projected future earned premiums. These values are summarized below:

	ALL		
	Earned Premiums	Incurred Claims	Loss Ratio
Historical	\$128,434,138	\$9,327,505	7.3%
Future	\$153,566,293	\$204,152,853	132.9%
Lifetime	\$282,000,431	\$213,480,358	75.7%

	Lifetime Benefit Periods Only		
	Earned Premiums	Incurred Claims	Loss Ratio
Historical	\$88,428,112	\$8,314,837	9.4%
Future	\$112,426,856	\$156,023,941	138.8%
Lifetime	\$200,854,968	\$164,338,778	81.8%

	Non Lifetime Benefit Periods Only		
	Earned Premiums	Incurred Claims	Loss Ratio
Historical	\$40,006,026	\$1,012,668	2.5%
Future	\$41,139,437	\$48,128,912	117.0%
Lifetime	\$81,145,464	\$49,141,579	60.6%

The loss ratio standard on rate stability individual policies of the greater of 58% or the lifetime loss ratio used in original pricing, plus 85% applied to premium increase is summarized as follows:

	Historical Earned Premiums	Projected Earned Premiums	Lifetime Earned Premiums	Loss Ratio	Min Inc Claims Benchmark	Projected Incurred Claims
Initial Earned Premium	128,434,138	113,205,449	241,639,587	58%	140,150,960	
Add'l RI Earned Premium	0	40,360,845	40,360,845	85%	34,306,718	
Total	128,434,138	153,566,293	282,000,431	62%	174,457,678	213,480,358

13. POLICYHOLDER DOWNGRADE OPTIONS

In addition to the normal downgrade options, we believe that the split structure by benefit period fairly rewards policyholders who downgrade from Lifetime to a limited benefit period because they will receive a material reduction to the premium they are currently paying in that case.

14. ACTUARIAL CERTIFICATION

I, Sharon Goodman, Consulting Actuary at Wakely Actuarial am a member of the American Academy of Actuaries, meet the Academy's qualification standards for rendering this opinion, and am familiar with the requirements for filing long-term care insurance premiums.

I have reviewed and taken into consideration the policy design and coverage provided, and the Company's current underwriting and claims adjudication processes.

I hereby certify that to the best of my knowledge and judgment the proposed premium rate schedules for the above-mentioned policy forms are sufficient to cover anticipated costs under moderately adverse experience and the premium rate schedules are reasonably expected to be sustainable over the life of the forms with no future premium increases anticipated.

The rate filing submitted herein is in compliance with all applicable laws of this state, the rules of the Department of Insurance, and Actuarial Standard of Practice Number 8, "Regulatory Filings for Rates and Financial Projections for Health Plans", as adopted by the Actuarial Standards Board, and the loss ratios of the policy forms affected by the rate filing meet the minimum requirements of this state. In my opinion, the rates are reasonable, not excessive or unfairly discriminatory.

Respectfully Submitted,



Sharon Goodman, ASA, MAAA
Consulting Actuary
Wakely Actuarial
Palm Harbor, Florida

Attachments:

- Exhibit A: Inforce Policy Forms
- Exhibit B: Annual Loss Ratios
- Exhibit C: Historical Experience
- Exhibit D: Lifetime Experience
- Exhibit E: Revised Premium Rate Pages

AMERICAN FIDELITY ASSURANCE COMPANY

Actuarial Justification for Rate Increase Long Term Care and Home Health Care Policies

Exhibit A - Policies Inforce as of 5/31/2018 by Form

			Average Annualized Premiums		
		Annualized Premiums	Inforce	Before Rate Increases	After Rate Increases
	Policy Form				
Nationwide					
	QLTC-02 AFA	\$10,760,547	5,922	\$1,817	\$2,072
Virginia					
	QLTC-02 AFA	\$140,376	78	\$1,800	\$2,052

AMERICAN FIDELITY ASSURANCE COMPANY

Actuarial Justification for Rate Increase Long Term Care and Home Health Care Policies

Exhibit B - Projection Assumptions

1. Mortality

100% of 2008 VBT, Select & Ultimate Mortality Table, Male/Female

2. Voluntary Lapse Rates

The voluntary lapse rates used in projections are as follows:

Policy Year	<u>Lapse Rates</u>	
	<u>Lifetime BP</u>	<u>Non-Lifetime BP</u>
1	10.8%	13.0%
2	8.3%	10.0%
3	6.7%	7.8%
4	5.6%	6.5%
5	4.9%	5.5%
6	4.3%	5.0%
7	3.6%	4.5%
8	2.8%	3.7%
9	2.1%	3.0%
10	1.5%	2.5%
11	1.1%	2.1%
12	0.9%	1.9%
13	0.7%	1.7%
14	0.5%	1.5%
15	0.4%	1.4%
16+*	0.05%	1.05%

* The Moderately Adverse Adjustment reduces the duration 16+ lapse rate by 25 basis points.

3. Morbidity Adjustments

Morbidity adjustments were applied to original loss ratios based on actual experience from the most recent five years.

AMERICAN FIDELITY ASSURANCE COMPANY

Actuarial Justification for Rate Increase Long Term Care and Home Health Care Policies

Exhibit C - Historical Experience

as of May 31, 2018

Nationwide Experience

Incurred Year	Earned Premium	Paid Claims	Ending Claim Reserve	Incurred Claims	Actual Loss Ratio
2003	180,423	0	0	0	0.0%
2004	1,021,047	0	0	0	0.0%
2005	2,030,329	0	0	0	0.0%
2006	3,202,053	0	0	0	0.0%
2007	4,596,999	200,405	0	200,405	4.4%
2008	6,002,687	444,377	181,481	625,858	10.4%
2009	7,454,251	8,777	0	8,777	0.1%
2010	8,811,534	280,701	161,360	442,061	5.0%
2011	9,917,099	106,583	0	106,583	1.1%
2012	10,552,943	1,036,840	634,496	1,671,336	15.8%
2013	10,344,202	388,457	152,758	541,215	5.2%
2014	9,955,629	535,262	584,128	1,119,389	11.2%
2015	9,766,250	264,187	365,827	630,014	6.5%
2016	9,842,151	319,062	967,663	1,286,725	13.1%
<u>2017</u>	<u>10,438,606</u>	<u>131,651</u>	<u>1,138,040</u>	<u>1,269,691</u>	<u>12.2%</u>
Total	104,116,203	3,716,301	4,185,753	7,902,054	7.6%
Total w/4.04% Interest	130,075,640	xxx	xxx	9,327,505	7.2%

Virginia Experience

Incurred Year	Earned Premium	Paid Claims	Ending Claim Reserve	Incurred Claims	Actual Loss Ratio
2003	0	0	0	0	#DIV/0!
2004	2,852	0	0	0	0.0%
2005	18,239	0	0	0	0.0%
2006	28,123	0	0	0	0.0%
2007	52,773	0	0	0	0.0%
2008	68,565	0	0	0	0.0%
2009	110,261	0	0	0	0.0%
2010	146,795	3,357	0	3,357	2.3%
2011	167,817	0	0	0	0.0%
2012	162,957	0	0	0	0.0%
2013	159,640	0	0	0	0.0%
2014	149,030	0	0	0	0.0%
2015	136,622	0	0	0	0.0%
2016	134,001	0	22	22	0.0%
<u>2017</u>	<u>128,449</u>	<u>0</u>	<u>2,012</u>	<u>2,012</u>	<u>1.6%</u>
Total	1,466,126	3,357	2,034	5,391	0.4%
Total w/4.04% Interest	1,816,714	xxx	xxx	6,594	0.4%

American Fidelity Assurance Company
Actuarial Justification for Rate Increase

Exhibit D - Lifetime Experience (Nationwide)
Individual Educator-Total

Year	Original Earned Premium w/o Rate Increase*	Actual Earned Premium w/o Rate Increase**	Virginia Rate Level Earned Premium	Rate Increase	Virginia Rate Level Earned Premium w/Rate Increase***	Actual Incurred Claims	Loss Ratio without Rate Increase	Loss Ratio with Rate Increase
2003	180,423	180,423	180,423		180,423	0	0.0%	0.0%
2004	1,021,047	1,021,047	1,021,047		1,021,047	0	0.0%	0.0%
2005	2,030,329	2,030,329	2,030,329		2,030,329	0	0.0%	0.0%
2006	3,202,053	3,202,053	3,202,053		3,202,053	0	0.0%	0.0%
2007	4,596,999	4,596,999	4,596,999		4,596,999	200,405	4.4%	4.4%
2008	6,002,687	6,002,687	6,002,687		6,002,687	625,858	10.4%	10.4%
2009	7,454,251	7,454,251	7,454,251		7,454,251	8,777	0.1%	0.1%
2010	8,811,534	8,811,534	8,811,534		8,811,534	442,061	5.0%	5.0%
2011	9,917,099	9,917,099	9,917,099		9,917,099	106,583	1.1%	1.1%
2012	10,552,943	10,552,943	10,552,943		10,552,943	1,671,336	15.8%	15.8%
2013	10,344,202	10,344,202	10,344,202		10,344,202	541,215	5.2%	5.2%
2014	9,955,629	9,955,629	9,955,629		9,955,629	1,119,389	11.2%	11.2%
2015	9,766,250	9,766,250	9,766,250		9,766,250	630,014	6.5%	6.5%
2016	9,464,417	9,842,151	9,464,417		9,464,417	1,286,725	13.6%	13.6%
2017	9,222,285	10,438,606	9,222,285		9,222,285	1,269,691	13.8%	13.8%
Total	102,522,148	104,116,203	102,522,148		102,522,148	7,902,054	7.7%	7.7%
Acc @ 4.04%	128,434,138	130,075,640	128,434,138		128,434,138	9,327,505	7.3%	7.3%

Year	Projected Earned Premium at Original	Projected Earned Premium at Current Rates	Projected Earned Premium at Virginia Rate Level	Cumulative Rate Increase Factor	Projected Earned Premium w/Rate Increase	Projected Incurred Claims	Loss Ratio without Rate Increase	Loss Ratio with Rate Increase
2018	9,053,339	10,926,499	10,092,141	92%	10,092,141	1,853,831	18.4%	18.4%
2019	8,781,353	10,969,996	10,404,250	104%	11,415,180	2,296,515	22.1%	20.1%
2020	8,547,767	10,735,147	10,136,828	109%	11,720,591	2,743,047	27.1%	23.4%
2021	8,339,657	10,522,756	9,898,220	109%	11,451,589	3,281,233	33.1%	28.7%
2022	8,147,607	10,305,546	9,677,617	109%	11,202,528	3,815,451	39.4%	34.1%
2023	7,964,702	10,088,026	9,467,183	109%	10,964,656	4,371,235	46.2%	39.9%
2024	7,785,745	9,870,417	9,260,876	109%	10,731,090	5,025,676	54.3%	46.8%
2025	7,606,093	9,651,086	9,053,147	109%	10,495,377	5,781,914	63.9%	55.1%
2026	7,421,669	9,424,848	8,839,135	109%	10,251,876	6,634,875	75.1%	64.7%
2027	7,228,368	9,186,211	8,613,754	109%	9,994,522	7,591,378	88.1%	76.0%
2028	7,022,677	8,930,930	8,372,972	109%	9,718,766	8,644,079	103.2%	88.9%
2029	6,801,844	8,655,780	8,113,704	109%	9,421,191	9,778,473	120.5%	103.8%
2030	6,564,742	8,359,329	7,834,607	109%	9,100,239	10,975,590	140.1%	120.6%
2031	6,311,137	8,041,279	7,535,400	109%	8,755,581	12,226,610	162.3%	139.6%
2032	6,041,279	7,701,959	7,216,390	109%	8,387,584	13,433,720	186.2%	160.2%
2033	5,756,032	7,342,479	6,878,615	109%	7,997,456	14,495,535	210.7%	181.3%
2034	5,456,932	6,964,849	6,523,946	109%	7,587,404	15,505,333	237.7%	204.4%
2035	5,146,304	6,572,104	6,155,212	109%	7,160,757	16,439,999	267.1%	229.6%
2036	4,826,997	6,167,965	5,775,877	109%	6,721,595	17,281,637	299.2%	257.1%
2037	4,502,327	5,756,697	5,389,930	109%	6,274,573	18,012,204	334.2%	287.1%
2038	4,175,591	5,342,329	5,001,185	109%	5,824,026	18,612,104	372.2%	319.6%
2039	3,849,846	4,928,646	4,613,214	109%	5,374,038	19,064,573	413.3%	354.8%
2040	3,527,841	4,519,172	4,229,315	109%	4,928,450	19,346,001	457.4%	392.5%
2041	3,212,281	4,117,395	3,852,747	109%	4,491,078	19,423,395	504.1%	432.5%
2042	2,905,795	3,726,720	3,486,688	109%	4,065,645	19,305,060	553.7%	474.8%
2043	2,610,802	3,350,286	3,134,067	109%	3,655,588	18,976,625	605.5%	519.1%
2044	2,329,415	2,990,847	2,797,449	109%	3,263,924	18,443,624	659.3%	565.1%
2045	2,063,372	2,650,679	2,478,955	109%	2,893,153	17,712,271	714.5%	612.2%
2046	1,814,074	2,331,633	2,180,303	109%	2,545,311	16,818,212	771.4%	660.8%
2047	1,582,663	2,035,229	1,902,902	109%	2,222,074	15,772,538	828.9%	709.8%
2048	1,369,942	1,762,546	1,647,752	109%	1,924,636	14,618,130	887.2%	759.5%
2049	1,176,302	1,514,137	1,415,357	109%	1,653,615	13,384,677	945.7%	809.4%
2050	1,001,800	1,290,127	1,205,823	109%	1,409,165	12,094,232	1003.0%	858.3%
2051	846,181	1,090,239	1,018,879	109%	1,191,000	10,778,318	1057.9%	905.0%
2052	708,875	913,776	853,865	109%	998,370	9,485,375	1110.9%	950.1%
2053	589,035	759,674	709,781	109%	830,124	8,240,724	1161.0%	992.7%
2054	485,574	626,559	585,336	109%	684,766	7,069,748	1207.8%	1032.4%
2055	397,197	512,789	478,991	109%	560,512	6,008,866	1254.5%	1072.0%
2056	322,468	416,537	389,032	109%	455,374	5,057,061	1299.9%	1110.5%
2057	259,899	335,910	313,685	109%	367,292	4,216,232	1344.1%	1147.9%
2058	208,010	269,014	251,177	109%	294,199	3,479,286	1385.2%	1182.6%
2059	165,376	214,025	199,800	109%	234,109	2,852,977	1427.9%	1218.7%
2060	130,676	169,246	157,969	109%	185,170	2,325,297	1472.0%	1255.8%
2061	102,674	133,092	124,198	109%	145,650	1,884,908	1517.7%	1294.1%
2062	80,244	104,109	97,131	109%	113,962	1,515,780	1560.6%	1330.1%

2063	62,391	81,021	75,574	109%	88,712	1,211,349	1602.9%	1365.5%
2064	48,267	62,735	58,504	110%	68,707	958,827	1638.9%	1395.5%
2065	37,155	48,329	45,062	110%	52,942	753,764	1672.7%	1423.8%
2066	28,452	37,030	34,522	110%	40,572	590,772	1711.3%	1456.1%
2067	21,664	28,204	26,292	110%	30,904	460,784	1752.6%	1491.0%
2068	16,391	21,336	19,890	110%	23,378	357,835	1799.0%	1530.6%
2069	12,310	16,014	14,931	110%	17,543	275,811	1847.3%	1572.2%
2070	9,167	11,911	11,109	110%	13,044	208,359	1875.6%	1597.4%
2071	6,767	8,774	8,187	109%	9,603	155,635	1900.9%	1620.7%
2072	4,949	6,399	5,975	109%	6,997	115,157	1927.3%	1645.7%
2073	3,586	4,619	4,317	109%	5,045	84,439	1956.1%	1673.6%
2074	2,573	3,299	3,087	109%	3,598	61,401	1989.3%	1706.6%
2075	1,829	2,329	2,183	109%	2,536	44,229	2026.2%	1744.1%
2076	1,286	1,626	1,526	109%	1,766	31,509	2064.3%	1784.6%
2077	896	1,121	1,055	108%	1,214	22,214	2104.8%	1829.2%
2078	618	765	722	108%	825	15,559	2155.8%	1885.6%
2079	423	516	489	107%	555	10,610	2170.5%	1912.9%
2080	287	345	328	107%	369	7,146	2177.1%	1935.6%
2081	194	229	219	106%	244	4,781	2182.1%	1959.4%
2082	131	152	146	106%	161	3,187	2181.5%	1979.4%
2083	88	101	97	105%	106	2,129	2190.7%	2009.2%
2084	59	67	64	104%	69	1,412	2192.8%	2032.0%
2085	39	44	42	104%	45	929	2196.3%	2054.4%
2086	26	28	28	103%	29	606	2196.5%	2070.4%
2087	17	18	18	103%	19	390	2197.1%	2083.3%
2088	11	12	11	103%	12	248	2194.7%	2088.8%
2089	7	7	7	103%	7	152	2168.7%	2069.6%
2090	4	4	4	103%	5	92	2144.1%	2047.9%
2091	2	3	3	102%	3	54	2146.0%	2056.7%
2092	1	1	1	102%	2	93	6330.8%	6081.7%
Total	175,482,094	222,615,656	208,679,796		240,124,941	472,053,826	226.2%	196.6%
Disc @ 4.04%	113,205,449	143,120,257	134,214,192		153,566,293	204,152,853	152.1%	132.9%
Lifetime @ 4.04%	241,639,587	273,195,897	262,648,330		282,000,431	213,480,358	81.3%	75.7%

American Fidelity Assurance Company
Actuarial Justification for Rate Increase

Exhibit D - Lifetime Experience (Nationwide)
Individual Educator - Lifetime Benefit Period

Year	Original Earned Premium w/o Rate Increase*	Actual Earned Premium w/o Rate Increase**	Virginia Rate Level Earned Premium	Rate Increase	Virginia Rate Level Earned Premium w/Rate Increase***	Actual Incurred Claims	Loss Ratio without Rate Increase	Loss Ratio with Rate Increase
2003	139,807	139,807	139,807		139,807	0	0.0%	0.0%
2004	795,491	795,491	795,491		795,491	0	0.0%	0.0%
2005	1,589,788	1,589,788	1,589,788		1,589,788	0	0.0%	0.0%
2006	2,486,560	2,486,560	2,486,560		2,486,560	0	0.0%	0.0%
2007	3,541,956	3,541,956	3,541,956		3,541,956	200,405	5.7%	5.7%
2008	4,628,496	4,628,496	4,628,496		4,628,496	625,858	13.5%	13.5%
2009	5,735,242	5,735,242	5,735,242		5,735,242	1,260	0.0%	0.0%
2010	6,736,357	6,736,357	6,736,357		6,736,357	442,061	6.6%	6.6%
2011	6,982,660	6,982,660	6,982,660		6,982,660	8,571	0.1%	0.1%
2012	6,704,003	6,704,003	6,704,003		6,704,003	1,604,876	23.9%	23.9%
2013	6,473,360	6,473,360	6,473,360		6,473,360	432,421	6.7%	6.7%
2014	6,284,190	6,284,190	6,284,190		6,284,190	1,092,157	17.4%	17.4%
2015	6,186,220	6,186,220	6,186,220		6,186,220	595,931	9.6%	9.6%
2016	5,854,274	6,232,009	5,854,274		5,854,274	1,096,227	18.7%	18.7%
2017	5,606,469	6,822,790	5,606,469		5,606,469	885,739	15.8%	15.8%
Total	69,744,874	71,338,929	69,744,874		69,744,874	6,985,507	10.0%	10.0%
Acc @ 4.04%	88,428,112	90,069,614	88,428,112		88,428,112	8,314,837	9.4%	9.4%

Year	Projected Earned Premium at Original	Projected Earned Premium at Current Rates	Projected Earned Premium at Virginia Rate Level	Cumulative Rate Increase Factor	Projected Earned Premium w/Rate Increase	Projected Incurred Claims	Loss Ratio without Rate Increase	Loss Ratio with Rate Increase
2018	5,540,281	7,413,441	6,579,084	100%	6,579,084	1,653,737	25.1%	25.1%
2019	5,409,658	7,598,302	7,032,556	114%	8,043,486	2,027,292	28.8%	25.2%
2020	5,296,869	7,484,249	6,885,929	123%	8,469,693	2,392,117	34.7%	28.2%
2021	5,195,212	7,378,310	6,753,775	123%	8,307,143	2,831,230	41.9%	34.1%
2022	5,100,035	7,257,975	6,630,046	123%	8,154,956	3,245,013	48.9%	39.8%
2023	5,008,271	7,131,595	6,510,753	123%	8,008,226	3,655,583	56.1%	45.6%
2024	4,917,103	7,001,775	6,392,234	123%	7,862,448	4,135,872	64.7%	52.6%
2025	4,823,512	6,868,505	6,270,566	123%	7,712,796	4,684,706	74.7%	60.7%
2026	4,724,887	6,728,066	6,142,353	123%	7,555,094	5,298,066	86.3%	70.1%
2027	4,617,953	6,575,796	6,003,339	123%	7,384,107	5,975,318	99.5%	80.9%
2028	4,500,984	6,409,236	5,851,279	123%	7,197,073	6,709,923	114.7%	93.2%
2029	4,372,866	6,226,801	5,684,726	123%	6,992,213	7,490,839	131.8%	107.1%
2030	4,232,883	6,027,471	5,502,748	123%	6,768,380	8,302,887	150.9%	122.7%
2031	4,080,875	5,811,017	5,305,137	123%	6,525,319	9,141,635	172.3%	140.1%
2032	3,917,036	5,577,715	5,092,146	123%	6,263,340	9,979,647	196.0%	159.3%
2033	3,741,943	5,328,390	4,864,526	123%	5,983,366	10,790,917	221.8%	180.3%
2034	3,556,715	5,064,633	4,623,730	123%	5,687,188	11,559,526	250.0%	203.3%
2035	3,363,027	4,788,828	4,371,935	123%	5,377,481	12,269,019	280.6%	228.2%
2036	3,162,935	4,503,904	4,111,815	123%	5,057,533	12,906,976	313.9%	255.2%
2037	2,958,674	4,213,044	3,846,277	123%	4,730,920	13,461,593	350.0%	284.5%
2038	2,751,979	3,918,718	3,577,573	123%	4,400,415	13,920,301	389.1%	316.3%
2039	2,544,561	3,623,362	3,307,929	123%	4,068,753	14,270,485	431.4%	350.7%
2040	2,338,244	3,329,574	3,039,717	123%	3,738,853	14,493,840	476.8%	387.7%
2041	2,134,885	3,039,999	2,775,351	123%	3,413,682	14,569,022	524.9%	426.8%
2042	1,936,310	2,757,234	2,517,202	123%	3,096,159	14,492,025	575.7%	468.1%
2043	1,744,218	2,483,702	2,267,483	123%	2,789,004	14,256,690	628.7%	511.2%
2044	1,560,116	2,221,548	2,028,150	123%	2,494,625	13,868,564	683.8%	555.9%
2045	1,385,277	1,972,584	1,800,860	123%	2,215,058	13,331,478	740.3%	601.9%
2046	1,220,764	1,738,324	1,586,993	123%	1,952,002	12,672,831	798.5%	649.2%
2047	1,067,464	1,520,030	1,387,704	123%	1,706,876	11,897,994	857.4%	697.1%
2048	926,033	1,318,637	1,203,843	123%	1,480,726	11,027,413	916.0%	744.7%
2049	796,851	1,134,686	1,035,906	123%	1,274,164	10,090,002	974.0%	791.9%
2050	680,076	968,404	884,099	123%	1,087,442	9,103,213	1029.7%	837.1%
2051	575,657	819,715	748,355	123%	920,476	8,097,429	1082.0%	879.7%
2052	483,297	688,198	628,287	123%	772,793	7,112,619	1132.1%	920.4%
2053	402,485	573,124	523,230	123%	643,573	6,170,240	1179.3%	958.7%
2054	332,540	473,525	432,303	123%	531,732	5,286,155	1222.8%	994.1%
2055	272,645	388,237	354,439	123%	435,960	4,491,574	1267.2%	1030.3%
2056	221,881	315,951	288,446	123%	354,788	3,780,431	1310.6%	1065.5%
2057	179,287	255,298	233,073	123%	286,680	3,153,480	1353.0%	1100.0%
2058	143,890	204,893	187,056	123%	230,079	2,606,704	1393.5%	1133.0%
2059	114,746	163,395	149,170	123%	183,479	2,142,556	1436.3%	1167.7%
2060	90,976	129,546	118,268	123%	145,470	1,751,561	1481.0%	1204.1%
2061	71,745	102,163	93,269	123%	114,721	1,424,830	1527.7%	1242.0%
2062	56,291	80,156	73,178	123%	90,009	1,149,539	1570.9%	1277.1%
2063	43,942	62,571	57,124	123%	70,263	921,179	1612.6%	1311.1%
2064	34,124	48,591	44,361	123%	54,564	730,117	1645.8%	1338.1%

2065	26,356	37,529	34,262	123%	42,142	573,310	1673.3%	1360.4%
2066	20,233	28,810	26,302	123%	32,352	448,119	1703.7%	1385.1%
2067	15,425	21,964	20,052	123%	24,664	347,625	1733.6%	1409.4%
2068	11,665	16,611	15,165	123%	18,653	267,414	1763.4%	1433.7%
2069	8,737	12,441	11,358	123%	13,971	203,120	1788.3%	1453.9%
2070	6,471	9,215	8,413	123%	10,348	151,546	1801.4%	1464.5%
2071	4,735	6,743	6,156	123%	7,571	111,160	1805.8%	1468.1%
2072	3,420	4,870	4,446	123%	5,469	80,381	1807.9%	1469.8%
2073	2,437	3,470	3,168	123%	3,896	57,250	1807.4%	1469.4%
2074	1,710	2,435	2,223	123%	2,735	40,091	1803.3%	1466.1%
2075	1,181	1,681	1,535	123%	1,888	27,608	1798.9%	1462.5%
2076	800	1,139	1,040	123%	1,279	18,642	1792.1%	1457.0%
2077	532	757	691	123%	850	12,327	1783.1%	1449.7%
2078	346	493	450	123%	553	7,966	1771.3%	1440.1%
2079	220	313	286	123%	352	5,019	1753.7%	1425.8%
2080	137	195	178	123%	219	3,087	1734.2%	1409.9%
2081	83	119	108	123%	133	1,852	1710.6%	1390.7%
2082	50	71	65	123%	80	1,088	1677.2%	1363.6%
2083	29	42	38	123%	47	627	1641.6%	1334.6%
2084	17	24	22	123%	27	355	1602.9%	1303.2%
2085	10	14	13	123%	16	199	1566.7%	1273.7%
2086	6	8	7	123%	9	112	1532.6%	1246.0%
2087	3	5	4	123%	5	64	1505.4%	1223.9%
2088	2	3	2	123%	3	37	1465.9%	1191.8%
2089	1	2	1	123%	2	20	1342.9%	1091.8%
2090	1	1	1	123%	1	11	1263.1%	1026.9%
2091	0	1	0	123%	1	6	1230.0%	1000.0%
2092	0	0	0	123%	0	13	5160.2%	4195.3%
Total	112,736,611	159,870,173	145,934,313		177,379,457	357,683,215	245.1%	201.6%
Disc @ 4.04%	72,066,011	101,980,819	93,074,754		112,426,856	156,023,941	167.6%	138.8%
Lifetime @ 4.04%	160,494,123	192,050,433	181,502,866		200,854,968	164,338,778	90.5%	81.8%

American Fidelity Assurance Company
Actuarial Justification for Rate Increase

Exhibit D - Lifetime Experience (Nationwide)
Individual Educator - Non-Lifetime Benefit Period

Year	Original Earned Premium w/o Rate Increase*	Actual Earned Premium w/o Rate Increase**	Virginia Rate Level Earned Premium	Rate Increase	Virginia Rate Level Earned Premium w/Rate Increase***	Actual Incurred Claims	Loss Ratio without Rate Increase	with Rate Increase
2003	40,616	40,616	40,616		40,616	0	0.0%	0.0%
2004	225,556	225,556	225,556		225,556	0	0.0%	0.0%
2005	440,541	440,541	440,541		440,541	0	0.0%	0.0%
2006	715,493	715,493	715,493		715,493	0	0.0%	0.0%
2007	1,055,043	1,055,043	1,055,043		1,055,043	0	0.0%	0.0%
2008	1,374,191	1,374,191	1,374,191		1,374,191	0	0.0%	0.0%
2009	1,719,009	1,719,009	1,719,009		1,719,009	7,517	0.4%	0.4%
2010	2,075,177	2,075,177	2,075,177		2,075,177	0	0.0%	0.0%
2011	2,934,439	2,934,439	2,934,439		2,934,439	98,011	3.3%	3.3%
2012	3,848,940	3,848,940	3,848,940		3,848,940	66,460	1.7%	1.7%
2013	3,870,842	3,870,842	3,870,842		3,870,842	108,794	2.8%	2.8%
2014	3,671,439	3,671,439	3,671,439		3,671,439	27,232	0.7%	0.7%
2015	3,580,030	3,580,030	3,580,030		3,580,030	34,083	1.0%	1.0%
2016	3,610,142	3,610,142	3,610,142		3,610,142	190,498	5.3%	5.3%
2017	3,615,817	3,615,817	3,615,817		3,615,817	383,952	10.6%	10.6%
Total	32,777,274	32,777,274	32,777,274		32,777,274	916,547	2.8%	2.8%
Acc @ 4.04%	40,006,026	40,006,026	40,006,026		40,006,026	1,012,668	2.5%	2.5%

Year	Projected Earned Premium at Original	Projected Earned Premium at Current Rates	Projected Earned Premium at Virginia Rate Level	Cumulative Rate Increase Factor	Projected Earned Premium w/Rate Increase	Projected Incurred Claims	Loss Ratio without Rate Increase	with Rate Increase
2018	3,513,058	3,513,058	3,513,058	100%	3,513,058	200,094	5.7%	5.7%
2019	3,371,694	3,371,694	3,371,694	100%	3,371,694	269,223	8.0%	8.0%
2020	3,250,898	3,250,898	3,250,898	100%	3,250,898	350,930	10.8%	10.8%
2021	3,144,445	3,144,445	3,144,445	100%	3,144,445	450,003	14.3%	14.3%
2022	3,047,571	3,047,571	3,047,571	100%	3,047,571	570,437	18.7%	18.7%
2023	2,956,430	2,956,430	2,956,430	100%	2,956,430	715,652	24.2%	24.2%
2024	2,868,642	2,868,642	2,868,642	100%	2,868,642	889,804	31.0%	31.0%
2025	2,782,581	2,782,581	2,782,581	100%	2,782,581	1,097,208	39.4%	39.4%
2026	2,696,782	2,696,782	2,696,782	100%	2,696,782	1,336,809	49.6%	49.6%
2027	2,610,415	2,610,415	2,610,415	100%	2,610,415	1,616,060	61.9%	61.9%
2028	2,521,694	2,521,694	2,521,694	100%	2,521,694	1,934,156	76.7%	76.7%
2029	2,428,978	2,428,978	2,428,978	100%	2,428,978	2,287,633	94.2%	94.2%
2030	2,331,858	2,331,858	2,331,858	100%	2,331,858	2,672,703	114.6%	114.6%
2031	2,230,262	2,230,262	2,230,262	100%	2,230,262	3,084,975	138.3%	138.3%
2032	2,124,244	2,124,244	2,124,244	100%	2,124,244	3,454,073	162.6%	162.6%
2033	2,014,089	2,014,089	2,014,089	100%	2,014,089	3,704,618	183.9%	183.9%
2034	1,900,216	1,900,216	1,900,216	100%	1,900,216	3,945,807	207.7%	207.7%
2035	1,783,277	1,783,277	1,783,277	100%	1,783,277	4,170,980	233.9%	233.9%
2036	1,664,062	1,664,062	1,664,062	100%	1,664,062	4,374,660	262.9%	262.9%
2037	1,543,653	1,543,653	1,543,653	100%	1,543,653	4,550,610	294.8%	294.8%
2038	1,423,612	1,423,612	1,423,612	100%	1,423,612	4,691,803	329.6%	329.6%
2039	1,305,285	1,305,285	1,305,285	100%	1,305,285	4,794,088	367.3%	367.3%
2040	1,189,597	1,189,597	1,189,597	100%	1,189,597	4,852,161	407.9%	407.9%
2041	1,077,396	1,077,396	1,077,396	100%	1,077,396	4,854,373	450.6%	450.6%
2042	969,486	969,486	969,486	100%	969,486	4,813,035	496.5%	496.5%
2043	866,584	866,584	866,584	100%	866,584	4,719,935	544.7%	544.7%
2044	769,299	769,299	769,299	100%	769,299	4,575,060	594.7%	594.7%
2045	678,095	678,095	678,095	100%	678,095	4,380,794	646.0%	646.0%
2046	593,309	593,309	593,309	100%	593,309	4,145,381	698.7%	698.7%
2047	515,198	515,198	515,198	100%	515,198	3,874,544	752.0%	752.0%
2048	443,909	443,909	443,909	100%	443,909	3,590,717	808.9%	808.9%
2049	379,451	379,451	379,451	100%	379,451	3,294,675	868.3%	868.3%
2050	321,723	321,723	321,723	100%	321,723	2,991,018	929.7%	929.7%
2051	270,524	270,524	270,524	100%	270,524	2,680,890	991.0%	991.0%
2052	225,578	225,578	225,578	100%	225,578	2,372,756	1051.9%	1051.9%
2053	186,550	186,550	186,550	100%	186,550	2,070,484	1109.9%	1109.9%
2054	153,034	153,034	153,034	100%	153,034	1,783,593	1165.5%	1165.5%
2055	124,552	124,552	124,552	100%	124,552	1,517,293	1218.2%	1218.2%
2056	100,586	100,586	100,586	100%	100,586	1,276,630	1269.2%	1269.2%
2057	80,612	80,612	80,612	100%	80,612	1,062,752	1318.4%	1318.4%
2058	64,120	64,120	64,120	100%	64,120	872,582	1360.9%	1360.9%
2059	50,630	50,630	50,630	100%	50,630	710,421	1403.2%	1403.2%
2060	39,700	39,700	39,700	100%	39,700	573,737	1445.2%	1445.2%

2061	30,929	30,929	30,929	100%	30,929	460,078	1487.5%	1487.5%
2062	23,953	23,953	23,953	100%	23,953	366,241	1529.0%	1529.0%
2063	18,450	18,450	18,450	100%	18,450	290,170	1572.8%	1572.8%
2064	14,143	14,143	14,143	100%	14,143	228,709	1617.1%	1617.1%
2065	10,799	10,799	10,799	100%	10,799	180,454	1671.0%	1671.0%
2066	8,220	8,220	8,220	100%	8,220	142,653	1735.5%	1735.5%
2067	6,240	6,240	6,240	100%	6,240	113,159	1813.5%	1813.5%
2068	4,726	4,726	4,726	100%	4,726	90,422	1913.4%	1913.4%
2069	3,572	3,572	3,572	100%	3,572	72,691	2034.8%	2034.8%
2070	2,696	2,696	2,696	100%	2,696	56,813	2107.3%	2107.3%
2071	2,032	2,032	2,032	100%	2,032	44,475	2189.2%	2189.2%
2072	1,529	1,529	1,529	100%	1,529	34,776	2274.7%	2274.7%
2073	1,149	1,149	1,149	100%	1,149	27,190	2365.7%	2365.7%
2074	863	863	863	100%	863	21,310	2468.4%	2468.4%
2075	648	648	648	100%	648	16,621	2564.3%	2564.3%
2076	486	486	486	100%	486	12,867	2646.9%	2646.9%
2077	364	364	364	100%	364	9,887	2715.8%	2715.8%
2078	272	272	272	100%	272	7,594	2791.5%	2791.5%
2079	203	203	203	100%	203	5,591	2759.3%	2759.3%
2080	150	150	150	100%	150	4,059	2701.6%	2701.6%
2081	111	111	111	100%	111	2,929	2642.7%	2642.7%
2082	81	81	81	100%	81	2,099	2584.3%	2584.3%
2083	59	59	59	100%	59	1,503	2546.0%	2546.0%
2084	42	42	42	100%	42	1,057	2501.9%	2501.9%
2085	30	30	30	100%	30	730	2466.4%	2466.4%
2086	20	20	20	100%	20	494	2435.8%	2435.8%
2087	14	14	14	100%	14	327	2412.5%	2412.5%
2088	9	9	9	100%	9	212	2400.7%	2400.7%
2089	6	6	6	100%	6	133	2385.7%	2385.7%
2090	3	3	3	100%	3	81	2370.0%	2370.0%
2091	2	2	2	100%	2	48	2358.9%	2358.9%
2092	1	1	1	100%	1	79	6584.5%	6584.5%
Total	62,745,483	62,745,483	62,745,483		62,745,483	114,370,610	182.3%	182.3%
Disc @ 4.04%	41,139,437	41,139,437	41,139,437		41,139,437	48,128,912	117.0%	117.0%
Lifetime @ 4.04%	81,145,464	81,145,464	81,145,464		81,145,464	49,141,579	60.6%	60.6%

American Fidelity Assurance Company
Actuarial Justification for Rate Increase

Exhibit D - Lifetime Experience (Virginia)
Individual Educator-Total

Year	Original Earned Premium w/o Rate Increase*	Actual Earned Premium w/o Rate Increase**	Virginia Rate Level Earned Premium	Rate Increase	Virginia Rate Level Earned Premium w/Rate Increase***	Actual Incurred Claims	Loss Ratio without Rate Increase	Loss Ratio with Rate Increase
2003	0	0	0		0	0	0.0%	0.0%
2004	2,852	2,852	2,852		2,852	0	0.0%	0.0%
2005	18,239	18,239	18,239		18,239	0	0.0%	0.0%
2006	28,123	28,123	28,123		28,123	0	0.0%	0.0%
2007	52,773	52,773	52,773		52,773	0	0.0%	0.0%
2008	68,565	68,565	68,565		68,565	0	0.0%	0.0%
2009	110,261	110,261	110,261		110,261	0	0.0%	0.0%
2010	146,795	146,795	146,795		146,795	3,357	2.3%	2.3%
2011	167,817	167,817	167,817		167,817	0	0.0%	0.0%
2012	162,957	162,957	162,957		162,957	0	0.0%	0.0%
2013	159,640	159,640	159,640		159,640	0	0.0%	0.0%
2014	149,030	149,030	149,030		149,030	0	0.0%	0.0%
2015	136,622	136,622	136,622		136,622	0	0.0%	0.0%
2016	134,001	134,001	134,001		134,001	22	0.0%	0.0%
2017	128,449	128,449	128,449		128,449	2,012	1.6%	1.6%
Total	1,466,126	1,466,126	1,466,126		1,466,126	5,391	0.4%	0.4%
Acc @ 4.04%	1,816,714	1,816,714	1,816,714		1,816,714	6,594	0.4%	0.4%

Year	Projected Earned Premium at Original	Projected Earned Premium at Current Rates	Projected Earned Premium at Virginia Rate Level	Cumulative Rate Increase Factor	Projected Earned Premium w/Rate Increase	Projected Incurred Claims	Loss Ratio without Rate Increase	Loss Ratio with Rate Increase
2018	126,239	139,942	139,942	100%	139,942	21,936	15.7%	15.7%
2019	122,415	143,824	143,824	109%	157,160	28,190	19.6%	17.9%
2020	119,161	140,124	140,124	115%	161,016	33,469	23.9%	20.8%
2021	116,292	136,852	136,852	115%	157,344	39,806	29.1%	25.3%
2022	113,670	133,854	133,854	115%	153,970	46,115	34.5%	30.0%
2023	111,203	131,024	131,024	115%	150,778	52,675	40.2%	34.9%
2024	108,819	128,279	128,279	115%	147,673	60,284	47.0%	40.8%
2025	106,456	125,545	125,545	115%	144,571	69,156	55.1%	47.8%
2026	104,053	122,752	122,752	115%	141,389	79,287	64.6%	56.1%
2027	101,539	119,814	119,814	115%	138,029	90,946	75.9%	65.9%
2028	98,870	116,683	116,683	115%	134,437	104,088	89.2%	77.4%
2029	96,005	113,311	113,311	115%	130,559	118,527	104.6%	90.8%
2030	92,919	109,671	109,671	115%	126,367	134,210	122.4%	106.2%
2031	89,603	105,753	105,753	115%	121,850	151,132	142.9%	124.0%
2032	86,054	101,556	101,556	115%	117,006	167,727	165.2%	143.3%
2033	82,278	97,087	97,087	115%	111,847	182,455	187.9%	163.1%
2034	78,291	92,367	92,367	115%	106,396	196,659	212.9%	184.8%
2035	74,121	87,430	87,430	115%	100,695	209,710	239.9%	208.3%
2036	69,808	82,326	82,326	115%	94,802	221,243	268.7%	233.4%
2037	65,398	77,107	77,107	115%	88,777	231,355	300.0%	260.6%
2038	60,931	71,822	71,822	115%	82,677	239,886	334.0%	290.1%
2039	56,448	66,518	66,518	115%	76,555	246,422	370.5%	321.9%
2040	51,986	61,239	61,239	115%	70,462	251,439	410.6%	356.8%
2041	47,580	56,029	56,029	115%	64,449	254,430	454.1%	394.8%
2042	43,266	50,929	50,929	115%	58,567	255,432	501.5%	436.1%
2043	39,079	45,982	45,982	115%	52,861	253,972	552.3%	480.4%
2044	35,049	41,223	41,223	115%	47,377	249,370	604.9%	526.4%
2045	31,206	36,689	36,689	115%	42,153	241,747	658.9%	573.5%
2046	27,576	32,407	32,407	115%	37,223	231,748	715.1%	622.6%
2047	24,180	28,405	28,405	115%	32,615	219,011	771.0%	671.5%
2048	21,035	24,700	24,700	115%	28,353	204,090	826.3%	719.8%
2049	18,152	21,305	21,305	115%	24,448	187,617	880.6%	767.4%
2050	15,534	18,225	18,225	115%	20,908	170,029	932.9%	813.2%
2051	13,183	15,461	15,461	115%	17,732	151,648	980.8%	855.2%
2052	11,094	13,007	13,007	115%	14,913	133,760	1028.4%	896.9%
2053	9,258	10,850	10,850	115%	12,438	116,652	1075.1%	937.9%
2054	7,661	8,977	8,977	115%	10,288	100,686	1121.6%	978.6%
2055	6,287	7,366	7,366	115%	8,441	86,469	1173.9%	1024.4%
2056	5,117	5,995	5,995	115%	6,871	73,855	1231.8%	1074.9%
2057	4,133	4,842	4,842	115%	5,549	62,563	1292.1%	1127.4%
2058	3,311	3,881	3,881	115%	4,448	52,530	1353.6%	1180.9%
2059	2,633	3,087	3,087	115%	3,539	43,433	1407.1%	1227.1%
2060	2,077	2,437	2,437	115%	2,796	35,288	1447.7%	1262.0%
2061	1,628	1,911	1,911	115%	2,194	28,448	1488.2%	1296.3%
2062	1,266	1,489	1,489	115%	1,711	22,718	1526.0%	1327.9%

2063	977	1,151	1,151	115%	1,325	18,028	1565.9%	1361.0%
2064	748	883	883	115%	1,018	14,052	1590.9%	1380.5%
2065	567	671	671	115%	775	10,810	1609.8%	1394.0%
2066	425	505	505	116%	585	8,224	1627.1%	1405.2%
2067	316	377	377	116%	437	6,180	1641.2%	1412.9%
2068	231	278	278	117%	324	4,599	1656.7%	1421.2%
2069	168	202	202	117%	237	3,376	1668.4%	1425.6%
2070	120	146	146	118%	171	2,436	1671.9%	1422.6%
2071	85	104	104	118%	122	1,729	1669.0%	1414.1%
2072	59	73	73	119%	86	1,212	1664.9%	1404.6%
2073	41	51	51	119%	60	839	1659.8%	1394.7%
2074	28	35	35	119%	41	572	1652.3%	1382.9%
2075	19	23	23	120%	28	385	1645.3%	1372.1%
2076	12	16	16	120%	19	255	1636.5%	1360.4%
2077	8	10	10	121%	12	165	1626.2%	1348.2%
2078	5	7	7	121%	8	105	1615.1%	1335.8%
2079	3	4	4	121%	5	66	1598.2%	1319.4%
2080	2	3	3	121%	3	40	1581.0%	1303.2%
2081	1	2	2	121%	2	24	1561.0%	1285.0%
2082	1	1	1	122%	1	14	1533.5%	1261.6%
2083	0	1	1	121%	1	8	1497.9%	1234.2%
2084	0	0	0	121%	0	5	1459.0%	1204.8%
2085	0	0	0	121%	0	3	1414.6%	1171.7%
2086	0	0	0	121%	0	1	1378.9%	1139.1%
2087	0	0	0	122%	0	1	1369.8%	1123.8%
2088	0	0	0	122%	0	0	1332.7%	1096.7%
2089	0	0	0	121%	0	0	1223.2%	1011.3%
2090	0	0	0	120%	0	0	1119.4%	932.5%
2091	0	0	0	123%	0	0	1122.9%	912.9%
2092	0	0	0	123%	0	0	4711.0%	3830.1%
Total	2,506,683	2,944,621	2,944,621		3,359,441	6,225,342	211.4%	185.3%
Disc @ 4.04%	1,603,151	1,880,295	1,880,295		2,135,584	2,637,523	140.3%	123.5%
Lifetime @ 4.04%	3,419,865	3,697,009	3,697,009		3,952,298	2,644,117	71.5%	66.9%

American Fidelity Assurance Company
Actuarial Justification for Rate Increase

Exhibit D - Lifetime Experience (Virginia)
Individual Educator - Lifetime Benefit Period

Year	Original Earned Premium w/o Rate Increase*	Actual Earned Premium w/o Rate Increase**	Virginia Rate Level Earned Premium	Rate Increase	Virginia Rate Level Earned Premium w/Rate Increase***	Actual Incurred Claims	Loss Ratio without Rate Increase	Loss Ratio with Rate Increase
2003	0	0	0		0	0	0.0%	0.0%
2004	2,733	2,733	2,733		2,733	0	0.0%	0.0%
2005	17,800	17,800	17,800		17,800	0	0.0%	0.0%
2006	25,721	25,721	25,721		25,721	0	0.0%	0.0%
2007	42,940	42,940	42,940		42,940	0	0.0%	0.0%
2008	53,844	53,844	53,844		53,844	0	0.0%	0.0%
2009	81,048	81,048	81,048		81,048	0	0.0%	0.0%
2010	96,806	96,806	96,806		96,806	3,357	3.5%	3.5%
2011	100,633	100,633	100,633		100,633	0	0.0%	0.0%
2012	87,072	87,072	87,072		87,072	0	0.0%	0.0%
2013	81,924	81,924	81,924		81,924	0	0.0%	0.0%
2014	76,657	76,657	76,657		76,657	0	0.0%	0.0%
2015	72,202	72,202	72,202		72,202	0	0.0%	0.0%
2016	73,451	73,451	73,451		73,451	14	0.0%	0.0%
2017	73,960	73,960	73,960		73,960	1,315	1.8%	1.8%
Total	886,792	886,792	886,792		886,792	4,686	0.5%	0.5%
Acc @ 4.04%	1,119,233	1,119,233	1,119,233		1,119,233	5,874	0.5%	0.5%

Year	Projected Earned Premium at Original	Projected Earned Premium at Current Rates	Projected Earned Premium at Virginia Rate Level	Cumulative Rate Increase Factor	Projected Earned Premium w/Rate Increase	Projected Incurred Claims	Loss Ratio without Rate Increase	Loss Ratio with Rate Increase
2018	73,087	86,790	86,790	100%	86,790	19,361	22.3%	22.3%
2019	71,363	92,772	92,772	114%	106,108	24,752	26.7%	23.3%
2020	69,875	90,838	90,838	123%	111,731	29,034	32.0%	26.0%
2021	68,534	89,095	89,095	123%	109,587	34,188	38.4%	31.2%
2022	67,279	87,463	87,463	123%	107,579	39,104	44.7%	36.3%
2023	66,068	85,889	85,889	123%	105,643	44,026	51.3%	41.7%
2024	64,866	84,325	84,325	123%	103,720	49,810	59.1%	48.0%
2025	63,631	82,720	82,720	123%	101,746	56,420	68.2%	55.5%
2026	62,330	81,029	81,029	123%	99,666	63,807	78.7%	64.0%
2027	60,919	79,195	79,195	123%	97,410	71,963	90.9%	73.9%
2028	59,376	77,189	77,189	123%	94,943	80,810	104.7%	85.1%
2029	57,686	74,992	74,992	123%	92,240	90,215	120.3%	97.8%
2030	55,840	72,591	72,591	123%	89,287	99,995	137.8%	112.0%
2031	53,834	69,985	69,985	123%	86,081	110,097	157.3%	127.9%
2032	51,673	67,175	67,175	123%	82,625	120,189	178.9%	145.5%
2033	49,363	64,172	64,172	123%	78,932	129,960	202.5%	164.6%
2034	46,920	60,996	60,996	123%	75,024	139,216	228.2%	185.6%
2035	44,365	57,674	57,674	123%	70,939	147,761	256.2%	208.3%
2036	41,725	54,242	54,242	123%	66,718	155,444	286.6%	233.0%
2037	39,030	50,739	50,739	123%	62,410	162,124	319.5%	259.8%
2038	36,304	47,195	47,195	123%	58,050	167,648	355.2%	288.8%
2039	33,567	43,638	43,638	123%	53,674	171,865	393.8%	320.2%
2040	30,846	40,099	40,099	123%	49,322	174,555	435.3%	353.9%
2041	28,163	36,612	36,612	123%	45,033	175,461	479.2%	389.6%
2042	25,543	33,207	33,207	123%	40,844	174,534	525.6%	427.3%
2043	23,009	29,912	29,912	123%	36,792	171,699	574.0%	466.7%
2044	20,581	26,755	26,755	123%	32,909	167,025	624.3%	507.5%
2045	18,274	23,757	23,757	123%	29,221	160,557	675.8%	549.5%
2046	16,104	20,935	20,935	123%	25,750	152,624	729.0%	592.7%
2047	14,082	18,306	18,306	123%	22,517	143,293	782.7%	636.4%
2048	12,216	15,881	15,881	123%	19,534	132,808	836.3%	679.9%
2049	10,512	13,666	13,666	123%	16,809	121,518	889.2%	723.0%
2050	8,971	11,663	11,663	123%	14,345	109,634	940.0%	764.2%
2051	7,594	9,872	9,872	123%	12,143	97,521	987.8%	803.1%
2052	6,376	8,288	8,288	123%	10,195	85,660	1033.5%	840.3%
2053	5,310	6,902	6,902	123%	8,490	74,311	1076.6%	875.3%
2054	4,387	5,703	5,703	123%	7,015	63,663	1116.3%	907.6%
2055	3,597	4,676	4,676	123%	5,751	54,094	1156.9%	940.6%
2056	2,927	3,805	3,805	123%	4,680	45,529	1196.5%	972.8%
2057	2,365	3,075	3,075	123%	3,782	37,979	1235.2%	1004.2%
2058	1,898	2,468	2,468	123%	3,035	31,394	1272.2%	1034.3%
2059	1,514	1,968	1,968	123%	2,420	25,804	1311.3%	1066.1%
2060	1,200	1,560	1,560	123%	1,919	21,095	1352.1%	1099.2%
2061	946	1,230	1,230	123%	1,513	17,160	1394.7%	1133.9%
2062	743	965	965	123%	1,187	13,844	1434.1%	1166.0%
2063	580	754	754	123%	927	11,094	1472.2%	1196.9%
2064	450	585	585	123%	720	8,793	1502.6%	1221.6%

2065	348	452	452	123%	556	6,905	1527.6%	1242.0%
2066	267	347	347	123%	427	5,397	1555.4%	1264.6%
2067	203	265	265	123%	325	4,187	1582.7%	1286.7%
2068	154	200	200	123%	246	3,221	1609.9%	1308.9%
2069	115	150	150	123%	184	2,446	1632.6%	1327.3%
2070	85	111	111	123%	137	1,825	1644.6%	1337.0%
2071	62	81	81	123%	100	1,339	1648.6%	1340.3%
2072	45	59	59	123%	72	968	1650.5%	1341.9%
2073	32	42	42	123%	51	689	1650.1%	1341.5%
2074	23	29	29	123%	36	483	1646.3%	1338.5%
2075	16	20	20	123%	25	332	1642.3%	1335.2%
2076	11	14	14	123%	17	225	1636.1%	1330.1%
2077	7	9	9	123%	11	148	1627.9%	1323.5%
2078	5	6	6	123%	7	96	1617.1%	1314.7%
2079	3	4	4	123%	5	60	1601.0%	1301.6%
2080	2	2	2	123%	3	37	1583.3%	1287.2%
2081	1	1	1	123%	2	22	1561.6%	1269.6%
2082	1	1	1	123%	1	13	1531.2%	1244.9%
2083	0	1	1	123%	1	8	1498.7%	1218.4%
2084	0	0	0	123%	0	4	1463.4%	1189.7%
2085	0	0	0	123%	0	2	1430.3%	1162.8%
2086	0	0	0	123%	0	1	1399.2%	1137.6%
2087	0	0	0	123%	0	1	1374.3%	1117.4%
2088	0	0	0	123%	0	0	1338.3%	1088.1%
2089	0	0	0	123%	0	0	1226.0%	996.8%
2090	0	0	0	123%	0	0	1153.1%	937.5%
2091	0	0	0	123%	0	0	1122.9%	912.9%
2092	0	0	0	123%	0	0	4711.0%	3830.1%
Total	1,487,203	1,925,142	1,925,142		2,339,962	4,307,848	223.8%	184.1%
Disc @ 4.04%	950,683	1,227,827	1,227,827		1,483,117	1,879,135	153.0%	126.7%
Lifetime @ 4.04%	2,069,917	2,347,061	2,347,061		2,602,350	1,885,010	80.3%	72.4%

American Fidelity Assurance Company
Actuarial Justification for Rate Increase

Exhibit D - Lifetime Experience (Virginia)
Individual Educator - Non-Lifetime Benefit Period

Year	Original Earned Premium w/o Rate Increase*	Actual Earned Premium w/o Rate Increase**	Virginia Rate Level Earned Premium	Rate Increase	Virginia Rate Level Earned Premium w/Rate Increase***	Actual Incurred Claims	Loss Ratio without Rate Increase	with Rate Increase
2003	0	0	0		0	0	0.0%	0.0%
2004	119	119	119		119	0	0.0%	0.0%
2005	439	439	439		439	0	0.0%	0.0%
2006	2,402	2,402	2,402		2,402	0	0.0%	0.0%
2007	9,833	9,833	9,833		9,833	0	0.0%	0.0%
2008	14,721	14,721	14,721		14,721	0	0.0%	0.0%
2009	29,214	29,214	29,214		29,214	0	0.0%	0.0%
2010	49,989	49,989	49,989		49,989	0	0.0%	0.0%
2011	67,183	67,183	67,183		67,183	0	0.0%	0.0%
2012	75,886	75,886	75,886		75,886	0	0.0%	0.0%
2013	77,716	77,716	77,716		77,716	0	0.0%	0.0%
2014	72,373	72,373	72,373		72,373	0	0.0%	0.0%
2015	64,420	64,420	64,420		64,420	0	0.0%	0.0%
2016	60,550	60,550	60,550		60,550	8	0.0%	0.0%
2017	54,490	54,490	54,490		54,490	698	1.3%	1.3%
Total	579,335	579,335	579,335		579,335	705	0.1%	0.1%
Acc @ 4.04%	697,481	697,481	697,481		697,481	720	0.1%	0.1%

Year	Projected Earned Premium at Original	Projected Earned Premium at Current Rates	Projected Earned Premium at Virginia Rate Level	Cumulative Rate Increase Factor	Projected Earned Premium w/Rate Increase	Projected Incurred Claims	Loss Ratio without Rate Increase	with Rate Increase
2018	53,152	53,152	53,152	100%	53,152	2,575	4.8%	4.8%
2019	51,052	51,052	51,052	100%	51,052	3,438	6.7%	6.7%
2020	49,286	49,286	49,286	100%	49,286	4,435	9.0%	9.0%
2021	47,758	47,758	47,758	100%	47,758	5,618	11.8%	11.8%
2022	46,391	46,391	46,391	100%	46,391	7,010	15.1%	15.1%
2023	45,135	45,135	45,135	100%	45,135	8,650	19.2%	19.2%
2024	43,953	43,953	43,953	100%	43,953	10,473	23.8%	23.8%
2025	42,825	42,825	42,825	100%	42,825	12,736	29.7%	29.7%
2026	41,723	41,723	41,723	100%	41,723	15,480	37.1%	37.1%
2027	40,619	40,619	40,619	100%	40,619	18,983	46.7%	46.7%
2028	39,494	39,494	39,494	100%	39,494	23,278	58.9%	58.9%
2029	38,319	38,319	38,319	100%	38,319	28,312	73.9%	73.9%
2030	37,080	37,080	37,080	100%	37,080	34,215	92.3%	92.3%
2031	35,769	35,769	35,769	100%	35,769	41,036	114.7%	114.7%
2032	34,381	34,381	34,381	100%	34,381	47,538	138.3%	138.3%
2033	32,915	32,915	32,915	100%	32,915	52,496	159.5%	159.5%
2034	31,371	31,371	31,371	100%	31,371	57,442	183.1%	183.1%
2035	29,757	29,757	29,757	100%	29,757	61,949	208.2%	208.2%
2036	28,083	28,083	28,083	100%	28,083	65,799	234.3%	234.3%
2037	26,368	26,368	26,368	100%	26,368	69,231	262.6%	262.6%
2038	24,628	24,628	24,628	100%	24,628	72,238	293.3%	293.3%
2039	22,881	22,881	22,881	100%	22,881	74,556	325.8%	325.8%
2040	21,140	21,140	21,140	100%	21,140	76,883	363.7%	363.7%
2041	19,417	19,417	19,417	100%	19,417	78,969	406.7%	406.7%
2042	17,723	17,723	17,723	100%	17,723	80,898	456.5%	456.5%
2043	16,069	16,069	16,069	100%	16,069	82,272	512.0%	512.0%
2044	14,468	14,468	14,468	100%	14,468	82,345	569.1%	569.1%
2045	12,932	12,932	12,932	100%	12,932	81,191	627.8%	627.8%
2046	11,472	11,472	11,472	100%	11,472	79,123	689.7%	689.7%
2047	10,098	10,098	10,098	100%	10,098	75,719	749.8%	749.8%
2048	8,819	8,819	8,819	100%	8,819	71,283	808.2%	808.2%
2049	7,640	7,640	7,640	100%	7,640	66,098	865.2%	865.2%
2050	6,563	6,563	6,563	100%	6,563	60,395	920.3%	920.3%
2051	5,589	5,589	5,589	100%	5,589	54,127	968.4%	968.4%
2052	4,719	4,719	4,719	100%	4,719	48,100	1019.4%	1019.4%
2053	3,948	3,948	3,948	100%	3,948	42,341	1072.4%	1072.4%
2054	3,274	3,274	3,274	100%	3,274	37,023	1130.9%	1130.9%
2055	2,690	2,690	2,690	100%	2,690	32,375	1203.5%	1203.5%
2056	2,190	2,190	2,190	100%	2,190	28,326	1293.2%	1293.2%
2057	1,767	1,767	1,767	100%	1,767	24,585	1391.0%	1391.0%
2058	1,413	1,413	1,413	100%	1,413	21,137	1495.8%	1495.8%
2059	1,119	1,119	1,119	100%	1,119	17,629	1575.6%	1575.6%
2060	877	877	877	100%	877	14,193	1617.9%	1617.9%

2061	681	681	681	100%	681	11,288	1657.3%	1657.3%
2062	523	523	523	100%	523	8,874	1695.4%	1695.4%
2063	398	398	398	100%	398	6,934	1743.5%	1743.5%
2064	298	298	298	100%	298	5,259	1764.4%	1764.4%
2065	219	219	219	100%	219	3,905	1779.1%	1779.1%
2066	158	158	158	100%	158	2,827	1784.2%	1784.2%
2067	112	112	112	100%	112	1,994	1779.3%	1779.3%
2068	78	78	78	100%	78	1,379	1777.5%	1777.5%
2069	52	52	52	100%	52	929	1770.7%	1770.7%
2070	35	35	35	100%	35	610	1759.5%	1759.5%
2071	22	22	22	100%	22	391	1742.9%	1742.9%
2072	14	14	14	100%	14	244	1724.5%	1724.5%
2073	9	9	9	100%	9	149	1706.5%	1706.5%
2074	5	5	5	100%	5	89	1685.3%	1685.3%
2075	3	3	3	100%	3	52	1664.5%	1664.5%
2076	2	2	2	100%	2	30	1639.6%	1639.6%
2077	1	1	1	100%	1	17	1611.9%	1611.9%
2078	1	1	1	100%	1	9	1595.2%	1595.2%
2079	0	0	0	100%	0	5	1566.1%	1566.1%
2080	0	0	0	100%	0	3	1552.6%	1552.6%
2081	0	0	0	100%	0	2	1552.5%	1552.5%
2082	0	0	0	100%	0	1	1568.6%	1568.6%
2083	0	0	0	100%	0	1	1487.2%	1487.2%
2084	0	0	0	100%	0	0	1410.2%	1410.2%
2085	0	0	0	100%	0	0	1271.5%	1271.5%
2086	0	0	0	100%	0	0	1159.3%	1159.3%
2087	0	0	0	100%	0	0	1280.6%	1280.6%
2088	0	0	0	100%	0	0	1250.6%	1250.6%
2089	0	0	0	100%	0	0	1194.4%	1194.4%
2090	0	0	0	100%	0	0	890.7%	890.7%
2091	0	0	0	100%	0	0	0.0%	0.0%
2092	0	0	0	100%	0	0	0.0%	0.0%
Total	1,019,479	1,019,479	1,019,479		1,019,479	1,917,493	188.1%	188.1%
Disc @ 4.04%	652,467	652,467	652,467		652,467	758,388	116.2%	116.2%
Lifetime @ 4.04%	1,349,948	1,349,948	1,349,948		1,349,948	759,108	56.2%	56.2%

Long Term Care Insurance Rate Request Summary
Part 1 – To Be Completed By Company

Reset Form

Company Name and NAIC Number: American Fidelity Assurance Company - NAIC 60410

SERFF Tracking Number: WAKE-131598868

Effective Date: 9/1/2018

Revised Rates

Average Annual Premium Per Member: \$2052

Average Requested Percentage Rate Change Per Member: 14%

Minimum Requested Percentage Rate Change Per Member: 0%

Maximum Requested Percentage Rate Change Per Member: 23%

Number of Policy Holders Affected : 78

Plans Affected

(The Form Number and "Product Name")

Form#

"Product Name"(if applicable)

QLTC-02(VA) AFA
AMDI-220
AMDI-221
AMDI-222
AMDI-223(VA)

Tax Qualified Individual Long Term Care Insurance Policy
Tax Qualified Spousal Rider
Tax Qualified Couples Enhancement Rider
Tax Qualified Compound Inflation Protection Rider
Tax Qualified Nonforfeiture Benefit Rider

Attach a brief narrative to summarize the key information used to develop the rates including the main drivers for the revised rates.

This document is intended to help explain the rate filing and it is only a summary of the company's request. It is not intended to describe or include all factors or information considered in the review process. For more detailed information, please refer to the complete filing.

Based on our analysis of the policies covered under this form, it was determined that a rate increase is necessary to adequately fund our long term care claims. More of our customers have retained their long term care policies over the years than we originally anticipated. Because of this, we have experienced and expect to experience higher claims than we initially accounted for when we rated this product. The current premiums being received do not support the claims we have experienced and expect to experience in the future. Unfortunately when this occurs, it becomes necessary to increase premiums.



Cynthia Smethers, FSA, MAAA, MBA
Product Actuarial Director
LTC/Life Product Manager
Vice President
(405) 523-5664 phone
(405) 523-5793 fax

August 7, 2018

To Whom It May Concern:

This letter authorizes LifeSecure Insurance Company, Insurance Administrative Solutions, L.L.C. and/or Wakely Actuarial to file rate adjustments and actuarial justifications on behalf of American Fidelity Assurance Company with the State Insurance Departments in regards to Long Term Care policy forms QLTC-02, NGHHC 8/98, MNHHC 8/98, MQHHC 8/98 and QGHHC 8/98 and all attached riders. They may also correspond with the State Insurance Departments regarding any questions concerning the filings.

A copy of this letter is as valid as the original. This authorization will be valid for twelve months from the date of this letter.

Sincerely,

A handwritten signature in black ink that reads 'Cynthia Smethers'.

Cynthia Smethers, FSA,MAAA
Vice President
American Fidelity Assurance Company

American Fidelity Assurance Company

Individual Long Term Care Insurance Policy QLTC-02 AFA Proposed Premium Rate Schedules

Annual Rates per \$10 Daily Maximum Benefit
90 Day Elimination Period

Issue Age	Individual Coverage Preferred Rates by Lifetime Maximum Benefit Factor			
	730	1095	1825	Unlimited
18-40	31.26	34.69	42.30	64.78
41	31.59	35.05	42.73	65.47
42	31.93	35.42	43.18	66.17
43	32.27	35.80	43.62	66.86
44	32.61	36.18	44.08	67.57
45	32.95	36.56	44.53	68.29
46	33.30	36.95	45.00	69.01
47	33.65	37.34	45.47	69.75
48	34.01	37.73	45.94	70.48
49	34.37	38.13	46.41	71.22
50	34.73	38.54	46.90	71.98
51	38.70	43.04	52.54	80.23
52	43.13	48.07	58.87	89.42
53	48.05	53.70	65.96	99.67
54	53.54	59.97	73.90	111.09
55	59.66	66.98	82.80	123.81
56	63.98	71.85	88.72	132.30
57	68.61	77.09	95.08	141.36
58	73.57	82.70	101.89	151.06
59	78.89	88.73	109.18	161.41
60	84.60	95.20	117.00	172.46
61	91.31	102.55	126.55	186.25
62	98.56	110.47	136.90	201.14
63	106.38	119.00	148.08	217.23
64	114.81	128.19	160.18	234.59
65	123.92	138.09	173.27	253.34
66	134.58	149.49	187.42	274.95
67	146.16	161.82	202.73	298.40
68	158.73	175.18	219.30	323.85
69	172.39	189.64	237.21	351.48
70	187.22	205.30	256.60	381.45
71	203.33	222.24	277.56	413.99
72	220.82	240.59	300.24	449.30
73	239.81	260.44	324.77	487.63
74	260.44	281.94	351.30	529.21
75	282.85	305.21	380.00	574.35
76	307.18	330.40	411.05	623.33
77	333.61	357.68	444.63	676.50
78	362.31	387.20	480.96	734.20
79	393.48	419.17	520.26	796.82
80	427.33	453.77	562.76	864.79
81	464.09	491.22	608.74	938.55
82	504.01	531.77	658.48	1,018.59
83	547.37	575.66	712.28	1,105.48
84	594.46	623.18	770.47	1,199.77

American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA with AMDI-220
Proposed Premium Rate Schedules

Annual Rates per \$10 Daily Maximum Benefit
90 Day Elimination Period

Issue Age	Joint Coverage Preferred Rates by Lifetime Maximum Benefit Factor		
	1095	1825	Unlimited
18-40	26.01	31.72	48.59
41	26.29	32.05	49.10
42	26.57	32.39	49.62
43	26.85	32.71	50.15
44	27.13	33.06	50.68
45	27.42	33.40	51.22
46	27.71	33.75	51.76
47	28.00	34.10	52.31
48	28.30	34.46	52.86
49	28.60	34.81	53.41
50	28.90	35.17	53.98
51	32.28	39.40	60.17
52	36.05	44.15	67.06
53	40.27	49.47	74.76
54	44.98	55.42	83.31
55	50.23	62.10	92.86
56	53.89	66.54	99.22
57	57.81	71.30	106.03
58	62.03	76.41	113.30
59	66.55	81.89	121.06
60	71.40	87.75	129.35
61	76.91	94.91	139.69
62	82.85	102.67	150.85
63	89.25	111.06	162.92
64	96.14	120.13	175.94
65	103.57	129.95	190.01
66	112.11	140.57	206.21
67	121.37	152.05	223.81
68	131.39	164.47	242.88
69	142.23	177.91	263.61
70	153.97	192.45	286.09
71	166.68	208.17	310.49
72	180.44	225.18	336.98
73	195.33	243.58	365.72
74	211.46	263.48	396.91
75	228.91	285.00	430.76
76	247.80	308.29	467.50
77	268.26	333.48	507.37
78	290.40	360.72	550.65
79	314.38	390.20	597.62
80	340.32	422.07	648.59
81	368.41	456.56	703.91
82	398.82	493.86	763.95
83	431.74	534.20	829.11
84	467.39	577.85	899.82

American Fidelity Assurance Company

Individual Long Term Care Insurance Policy QLTC-02 AFA

Proposed Premium Rate Schedules

Elimination Period Factors:

Elimination Period (Days)	Factor
30	1.055
90	1.000
180	0.960

Modal Premiums:

Mode	Factor
Annual	1.0000
Semi-annual	0.5100
Quarterly	0.2600
Monthly	0.0875

Risk Factors:

Characteristic	Factor
Select	0.85
Preferred	1.00
Standard	1.15

Single Factor Optional Benefits:

Form Number	Optional Benefit	Factor
AMDI-223(VA)	Nonforfeiture	1.20
AMDI-221	Couple's Enhancement	1.33

Age Rated Benefit Factors:

AMDI-222 Compound		AMDI-222 Compound	
Issue Age	Inflation	Issue Age	Inflation
18-49	3.35	67	1.99
50	3.35	68	1.93
51	3.26	69	1.88
52	3.17	70	1.83
53	3.08	71	1.77
54	2.99	72	1.72
55	2.91	73	1.66
56	2.80	74	1.61
57	2.70	75	1.56
58	2.61	76	1.51
59	2.51	77	1.46
60	2.42	78	1.42
61	2.35	79	1.37
62	2.29	80	1.33
63	2.22	81	1.29
64	2.16	82	1.25
65	2.10	83	1.21
66	2.04	84	1.17

August 9, 2018

Mr. Bill Dismore
Virginia Bureau of Insurance
Tyler Building, 1300 E. Main St.
Richmond, Virginia 23219

RE: American Fidelity Assurance Company
Individual Long Term Care Rate Increase Filing
SERFF Tracking #WAKE-131598868

Dear Mr. Dismore:

Thank you for your continued consideration of this rate increase request. This correspondence is in reply to your 8/2/2018 correspondence.

- 1) Enclosed is the updated Authorization Letter.
- 2) The SERFF Tracking # from the previous rate increase which was approved October 11, 2017 was SERFF Tracking #WAKE-130294793.
- 3) The Virginia policies were issued between 2004 and 2012.

Once again, thank you for your continued time and consideration of this rate filing for American Fidelity Assurance Company.

Sincerely,



Sharon Goodman
Consulting Actuary
Wakely Actuarial
Palm Harbor, Florida

Enclosure

October 11, 2018

Mr. Bill Dismore
Virginia Bureau of Insurance
Tyler Building, 1300 E. Main St.
Richmond, Virginia 23219

RE: American Fidelity Assurance Company
Individual Long Term Care Rate Increase Filing
SERFF Tracking #WAKE-131598868

Dear Mr. Dismore:

Thank you for your continued consideration of this rate increase request. This correspondence is in reply to your 9/28/2018 correspondence.

Objection 1

The notification letters were approved in a prior filing. The SERFF tracking number was AFDL-130390303. The notification letters have been added to Supporting Documentation.

Objection 2

- 1) The Company has requested total of 60% rate increase on policies with lifetime benefit periods and 0% rate increase on policies with non-lifetime benefit periods. Since the commonwealth approved a 30% rate increase on policies with lifetime benefit periods in the prior filing, the Company is requesting an 23% rate increase in this filing to bring Virginia to the nationwide rate level. Enclosed in Attachment 1 is a summary of the historical rate filings by state.
- 2) Active life reserves on nationwide basis as of 5/31/2018 was \$53,001,316.
- 3) Provisions for moderately adverse deviation are below:
 - i. Morbidity – Margin in the form of 10% of additional claims have been added.
 - ii. Lapses - Ultimate lapse rate was reduced by 25% basis points in durations 16+.

Once the requested 23% rate increase is approved, the Company does not foresee a need for rate increase unless the experience deteriorates.

Once again, thank you for your continued time and consideration of this rate filing for American Fidelity Assurance Company.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sharon Goodman", with a stylized, flowing script.

Sharon Goodman
Consulting Actuary
Wakely Actuarial
Palm Harbor, Florida

Enclosure

AMERICAN FIDELITY ASSURANCE COMPANY

Actuarial Justification for Rate Increase
Long Term Care and Home Health Care Policies

Attachment 1 - Rate Increase History

<u>State</u>	<u>Policy Count</u>	<u>Annualized Premium</u>	<u>2015-2016 Rate Increase</u>	<u>2017 Rate Increase</u>	<u>2018 Rate Increase Requested</u>	<u>2018 Rate Increase Approved</u>	<u>2018 Status</u>
Alabama	454	\$857,503	30% Lifetime BP/0% Non-Lifetime BP	23% Lifetime BP/0% Non-Lifetime BP	Not Filed	Not Filed	Not Filed
Alaska	20	\$38,493	60% Lifetime BP/0% Non-Lifetime BP	0%	0%	0%	Not Filed
Arizona	8	\$18,353	0%	0%	60% Lifetime BP/0% Non-Lifetime BP	0%	Pending
Arkansas	147	\$287,246	25% Lifetime BP/0% Non-Lifetime BP	5% Lifetime BP/0% Non-Lifetime BP	22% Lifetime BP/0% Non-Lifetime BP	5% Lifetime BP/0% Non-Lifetime BP	Approved
Colorado	96	\$124,088	0%	0%	60% Lifetime BP/0% Non-Lifetime BP		Pending
Florida	176	\$253,302	0%	70.1% Lifetime BP/0% Non-Lifetime BP	0%	0%	Not Filed
Georgia	106	\$170,933	10% Lifetime BP/0% Non-Lifetime BP	10% Lifetime BP/0% Non-Lifetime BP	25% Lifetime BP/0% Non-Lifetime BP		Pending
Idaho	93	\$189,070	30% Lifetime BP/0% Non-Lifetime BP	0%	0%	0%	Not Filed
Illinois	52	\$82,042	60.2% Lifetime BP/0% Non-Lifetime BP	0%	0%	0%	Not Filed
Indiana	109	\$163,230	0%	0%	0%	0%	Not Filed
Kansas	82	\$163,686	30% Lifetime BP/0% Non-Lifetime BP	23% Lifetime BP/0% Non-Lifetime BP	0%	0%	Not Filed
Kentucky	397	\$857,161	30% Lifetime BP/0% Non-Lifetime BP	23% Lifetime BP/0% Non-Lifetime BP	0%	0%	Not Filed
Louisiana	604	\$871,565	20% Lifetime BP/0% Non-Lifetime BP	20% Lifetime BP/0% Non-Lifetime BP	0%	0%	Not Filed
Mississippi	334	\$480,406	25% Lifetime BP/0% Non-Lifetime BP	0%	25% Lifetime BP/0% Non-Lifetime BP		Pending
Missouri	153	\$269,396	25% Lifetime BP/0% Non-Lifetime BP	15% Lifetime BP/0% Non-Lifetime BP	10% Lifetime BP/0% Non-Lifetime BP	10% Lifetime BP/0% Non-Lifetime BP	Approved
Nevada	282	\$576,094	30% Lifetime BP/0% Non-Lifetime BP	23% Lifetime BP/0% Non-Lifetime BP	0%	0%	Not Filed
New Mexico	85	\$157,072	4.5% Lifetime BP/0% Non-Lifetime BP	0%	0%	0%	Not Filed
North Carolina	298	\$573,976	12.5% Lifetime BP/0% Non-Lifetime BP	9.3% Lifetime BP/0% Non-Lifetime BP	0%	0%	Not Filed
Ohio	212	\$410,713	15% Lifetime BP/0% Non-Lifetime BP	15% Lifetime BP/0% Non-Lifetime BP	15% Lifetime BP/0% Non-Lifetime BP	15% Lifetime BP/0% Non-Lifetime BP	Approved
Oklahoma	819	\$1,432,045	10% Lifetime BP/0% Non-Lifetime BP	10% Lifetime BP/0% Non-Lifetime BP	10% Lifetime BP/0% Non-Lifetime BP	0%	Disapproved
Oregon	179	\$326,711	44% Lifetime BP/0% Non-Lifetime BP	0%	11% Lifetime BP/0% Non-Lifetime BP		Pending
Tennessee	126	\$255,042	60% Lifetime BP/0% Non-Lifetime BP	0%	0%	0%	Not Filed
Texas	793	\$1,655,350	39% Lifetime BP/0% Non-Lifetime BP	0%	40% Lifetime BP/0% Non-Lifetime BP		Pending
Virginia	78	\$140,376	30% Lifetime BP/0% Non-Lifetime BP	0%	23% Lifetime BP/0% Non-Lifetime BP		Pending
Washington	156	\$292,939	60% Lifetime BP/0% Non-Lifetime BP	0%	0%	0%	Not Filed
West Virginia	63	\$113,753	31% Lifetime BP/0% Non-Lifetime BP	22% Lifetime BP/0% Non-Lifetime BP	0%	0%	Not Filed



[A member of the American Fidelity Group®]

American Fidelity Assurance Company
[PO Box 25523]
[Oklahoma City, OK 73125-0523]
[Telephone: (800) 662-1113, option #5]
[Fax: (800) 522-6343]
[Online: www.americanfidelity.com]

LONG TERM CARE BENEFIT REDUCTION OPTIONS

[12/18/2015]

Insured: [John Doe]

Policy Number: [ABC12345]

New Premium with No Changes in Coverage:	\$[62.17]	[Monthly]
Current Lifetime Maximum Benefit Period:	Lifetime	
Current Maximum Daily Benefit Amount:	\$[220.20]	
Lifetime Maximum Benefit Amount:	Unlimited	

Shown below are the options that will allow you to modify your current coverage along with the associated premium. Please be aware that the information shown herein, including the options listed and premiums quoted are based on your current policy information as of the date of this form [12/18/2015]. If you would like to take advantage of one of these options, please check the corresponding box. Then, sign and date in the space provided and return this form to our administrative office in the enclosed postage paid envelope or via fax 30 days prior to the rate increase effective date. We will send you confirmation of your policy changes via an updated policy schedule. You may also request your most current policy schedule at any time. Please call our [Customer Engagement Team] between the hours of [7:00 a.m. and 7:00 p.m. CST] [Monday through Friday] at [1-800-662-1113, option #5] if you have any questions, or would like to discuss different options, such as reducing your Lifetime Maximum Benefit Amount and associated Benefit Period (minimum of three years), reducing your Maximum Daily Benefit Amount, or increasing your Lifetime Maximum Elimination Period.

If you are on claim or are eligible for claim subject to satisfying your Elimination Period, it may not be in your best interest to make any changes in coverage at this time.

THE OPTIONS PROVIDED MAY NOT BE OF EQUAL VALUE, SO PLEASE REVIEW AND CONSIDER THESE OPTIONS VERY CAREFULLY PRIOR TO MAKING ANY CHANGES TO YOUR CURRENT COVERAGE.

Option 1

☐ **REDUCED LIFETIME MAXIMUM BENEFIT PERIOD OPTION**

I elect to lower my premium by reducing my benefit period as follows:

New Premium with Reduced Lifetime Maximum Benefit Period:	\$[47.23]	[Monthly]
Reduced Lifetime Maximum Benefit Period:	5 Years	
Maximum Daily Benefit Amount:	\$[220.20]	
Reduced Lifetime Maximum Benefit Amount:	\$[401,865.00]	

If I elect Option 1 to decrease my benefits, I cannot at a later date revert to my original full benefits.

Policy Number: [ABC12345]



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[Oklahoma City, OK 73125-0523]
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[Fax: (800) 522-6343]
[Online: www.americanfidelity.com]

Option 2

☐ CONTINGENT BENEFIT UPON LAPSE OPTION

I elect to discontinue paying premium and convert my coverage to a paid-up policy with a Reduced Lifetime Maximum Benefit Amount.

If you choose this option, you will have a Reduced Lifetime Maximum Benefit Amount that will be the greater of:

- A. Thirty (30) times the daily benefit amount paid for a nursing home confinement at the time of lapse; or
- B. The sum of the total premiums paid for the policy and all attached riders as of the date of lapse.

Any benefits previously paid to you under this policy will be subtracted from your available Lifetime Maximum Benefit Amount. In no event will the total amount of benefits paid prior to the date of lapse, plus benefits paid under this provision, exceed the maximum benefit amount which would be payable if the policy remained in a premium paying status.

If I elect Option 2 to discontinue paying premium, I will no longer be offered the Guaranteed Purchase Options to increase my benefits, I cannot resume paying premiums, and my benefit levels will never increase.

BY SIGNING, I ACKNOWLEDGE:

- If I elect Option 1 to decrease my benefits, I cannot at a later date revert to my original full benefits.
- If I elect Option 2 to discontinue paying premium, I will no longer be offered the Guaranteed Purchase Options to increase my benefits, I cannot resume paying premiums, and my benefit levels will never increase.

I have carefully reviewed the enclosed information and understand my options. I authorize American Fidelity Assurance Company to amend my coverage as indicated on this form.

Signature of Insured

Date

Policy Number: [ABC12345]

AMERICAN FIDELITY ASSURANCE COMPANY

(a Stock Company)

9000 Cameron Parkway Oklahoma City, Oklahoma 73114

STATEMENT OF VARIABILITY

The PS 155VA (LTCBRO) and the PS 155VA (LTCBRO)_CBUL contain variable information. The form is completed in John Doe format and variable items are enclosed in brackets []. The ranges/options for all variable items are shown within the brackets. All variable items will become fixed when the form is generated.

1. The **company logo** has been marked variable in the event that it should change.
2. The **company contact information** at the upper right hand corner of each page, which includes the current address, telephone number, fax number, and website, has been marked variable in the event that it should change.
3. The **date** of the form has been marked variable and will populate when the form is generated. The date that will populate is the date that the form is generated. Possible formats include: 1/1/16; 01/01/2016; January 1, 2016; or Jan 1, 2016.
4. The **Insured name** has been marked variable and will populate when the form is generated. The Insured name is the name of the Insured as it appears on the application for insurance. The format will be first name followed by last name.
5. The **Policy Number** has been marked variable and will populate when the form is generated. This is the unique identifier our company assigns to the policy at the time of issue.
6. The **New Premium with No Changes in Coverage amount** has been marked variable and will populate when the form is generated. This will be the premium before the rate increase. The format will be \$0.00.
7. The **New Premium with No Changes in Coverage mode** has been marked variable and will populate when the form is generated. Premium mode variables include Annual, Semi-Annual, Quarterly, Monthly, or Skip Month.
8. The **Current Maximum Daily Benefit Amount** has been marked variable and will populate when the form is generated. This value is the daily maximum benefit amount of the customer's current coverage. The format will be \$0.00.
9. The **date** in the following sentence, "**Please be aware that the information shown below, including the options listed and premiums quoted are based on your current policy information as of the date of this form xx/xx/xxxx.**" has been marked variable and will populate when the form is generated. The date that will populate is the date that the form is generated. Possible formats include: 1/1/16; 01/01/2016; January 1, 2016; or Jan 1, 2016.

10. The **name of the handling team** has been marked variable in the event that it should change. At present, those that will be handling customer calls are on the *Customer Engagement Team*.
11. The handling team is currently **operating between the hours** of 7:00 a.m. and 7:00 p.m. CST. This information has been marked variable in the event that it should change.
12. The handling team's current **days of operation** are *Monday through Friday*. This information has been marked variable in the event that it should change.
13. The **telephone number** 1-800-662-1113, *option #5* has been marked variable in the event that it should change.
14. The **New Premium with Reduced Lifetime Maximum Benefit Period amount** has been marked variable and will populate when the form is generated. This will be the premium after the rate increase. The format will be \$0.00.
15. The **New Premium with Reduced Lifetime Maximum Benefit Period mode** has been marked variable and will populate when the form is generated. Premium mode variables include Annual, Semi-Annual, Quarterly, Monthly, or Skip Month.
16. The **Maximum Daily Benefit Amount** has been marked variable and will populate when the form is generated. This value will be the same as the **Current Maximum Daily Benefit Amount**, as only the Lifetime Maximum Benefit Period and Lifetime Maximum Benefit Amount are being reduced. The format will be \$0.00.
17. The **Reduced Lifetime Maximum Benefit Amount** has been marked variable and will populate when the form is generated. This amount will be calculated using the new Reduced Lifetime Maximum Benefit Period and Maximum Daily Benefit Amount. The format will be \$0.00.

Carissa Edwards
Compliance Analyst III

Date

AMERICAN FIDELITY ASSURANCE COMPANY

(a Stock Company)

9000 Cameron Parkway Oklahoma City, Oklahoma 73114

STATEMENT OF VARIABILITY

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4. The **Insured name** has been marked variable and will populate when the form is generated. The Insured name is the name of the Insured as it appears on the application for insurance. The format will be first name followed by last name.
5. The **Policy Number** has been marked variable and will populate when the form is generated. This is the unique identifier our company assigns to the policy at the time of issue.
6. The **New Premium with No Changes in Coverage amount** has been marked variable and will populate when the form is generated. This will be the premium before the rate increase. The format will be \$0.00.
7. The **New Premium with No Changes in Coverage mode** has been marked variable and will populate when the form is generated. Premium mode variables include Annual, Semi-Annual, Quarterly, Monthly, or Skip Month.
8. The **Current Maximum Daily Benefit Amount** has been marked variable and will populate when the form is generated. This value is the daily maximum benefit amount of the customer's current coverage. The format will be \$0.00.
9. The **date** in the following sentence, "**Please be aware that the information shown below, including the options listed and premiums quoted are based on your current policy information as of the date of this form xx/xx/xxxx.**" has been marked variable and will populate when the form is generated. The date that will populate is the date that the form is generated. Possible formats include: 1/1/16; 01/01/2016; January 1, 2016; or Jan 1, 2016.

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14. The **New Premium with Reduced Lifetime Maximum Benefit Period amount** has been marked variable and will populate when the form is generated. This will be the premium after the rate increase. The format will be \$0.00.
15. The **New Premium with Reduced Lifetime Maximum Benefit Period mode** has been marked variable and will populate when the form is generated. Premium mode variables include Annual, Semi-Annual, Quarterly, Monthly, or Skip Month.
16. The **Maximum Daily Benefit Amount** has been marked variable and will populate when the form is generated. This value will be the same as the **Current Maximum Daily Benefit Amount**, as only the Lifetime Maximum Benefit Period and Lifetime Maximum Benefit Amount are being reduced. The format will be \$0.00.
17. The **Reduced Lifetime Maximum Benefit Amount** has been marked variable and will populate when the form is generated. This amount will be calculated using the new Reduced Lifetime Maximum Benefit Period and Maximum Daily Benefit Amount. The format will be \$0.00.

Carissa
Edwards

Digitally signed by Carissa Edwards
DN: cn=Carissa Edwards, o=American Fidelity
Assurance Company, ou=Strategic
Development Division, Product Compliance,
email=carissa.edwards@americanfidelity.com,
c=US
Date: 2017.01.05 16:04:52 -06'00'

Carissa Edwards
Compliance Analyst III

1/5/2017

Date

[12/18/2015]

[John Doe]
 [123 Pine St.]
 [Apt. 2]
 [Walla Walla, WA 99362]

Re: Policy Number: [ABC12345]
 Insured: [John Doe]

Dear [John Doe],

Thank you for giving American Fidelity Assurance Company (American Fidelity) the opportunity to help serve your insurance needs. We appreciate having you as a customer and congratulate you on your wise decision to protect yourself with long term care insurance coverage.

At American Fidelity, we strive to provide quality coverage at affordable premiums. Unfortunately, the current premiums being received do not support the claims we have experienced and expect to experience in the future. More of our customers have retained their long term care policies over the years than we originally anticipated. Because of this, we have experienced and expect to experience higher claims than we initially accounted for when we rated this product. When this occurs, it becomes necessary to increase premiums. This premium adjustment is being applied to all insureds in your class (same policy form, state of issue and benefit period) and is not related to your individual claims experience. The rate increase request was reviewed by the Virginia State Corporation Commission and was found to be compliant with applicable Virginia laws and regulations addressing long-term care insurance. All premium rate filings are available for public inspection and may be accessed online through the Virginia Bureau of Insurance's webpage at www.scc.virginia.gov/BOI.

A rate increase of [66%] was approved by the Virginia State Corporation Commission. [The rate increase will be implemented over the course of [5] years, as shown below.] [This year is the [1st] year of the rate increase.] The following represents the premium change for your particular policy:

Current Premium	New Premium [for the 1 st year of the increase]	Amount of Change [for the 1 st year of the increase]	% Your Rates Will Increase [for the 1 st year of the increase]	Effective Date [for the 1 st year of the increase]
[\$56.52] [Monthly]	[\$62.17] [Monthly]	[\$5.65]	[10]%	[9/1/2016]



A member of the American Fidelity Group®

American Fidelity Assurance Company

[PO Box 25523]

[Oklahoma City, OK 73125-0523]

[Telephone: (800) 662-1113, option #5]

[Fax: (800) 522-6343]

[Online: www.americanfidelity.com]

[New Premium for the 2nd year of the increase \$[67.82] [Monthly]	Amount of Change for the 2nd year of the increase \$[5.65]	% Your Rates Will Increase for the 2nd year of the increase [10]%	Effective Date for the 2nd year of the increase [9/1/2017]
[New Premium for the 3rd year of the increase \$[73.47] [Monthly]	Amount of Change for the 3rd year of the increase \$[5.65]	% Your Rates Will Increase for the 3rd year of the increase [10]%	Effective Date for the 3rd year of the increase [9/1/2018]
[New Premium for the 4th year of the increase \$[79.12] [Monthly]	Amount of Change for the 4th year of the increase \$[5.65]	% Your Rates Will Increase for the 4th year of the increase [10]%	Effective Date for the 4th year of the increase [9/1/2019]
[New Premium for the 5th year of the increase \$[84.77] [Monthly]	Amount of Change for the 5th year of the increase \$[5.65]	% Your Rates Will Increase for the 5th year of the increase [10]%	Effective Date for the 5th year of the increase [9/1/2020]

Please keep this premium adjustment notification with your other important insurance documents. Send no money now. Your new premium will be reflected in the premium due on or after the effective date of [9/1/2016]. If your premium payment automatically goes through a bank, it may be necessary to notify the bank for payment of new premiums.

[As long as premiums are being waived in accordance with the policy provisions, this increased premium will also be waived. Once you are no longer eligible for waiver of premium, as provided in your policy, the premium requirement will resume at the higher adjusted level.]

If you prefer not to pay the increased premium, you may have other options. Within a period of one-hundred-twenty (120) days after the due date of the rate increase you may elect:

- (1) To *reduce your policy benefits* so that your *required premium payments may be reduced*; **or**
- (2) To *elect the Contingent Benefit Upon Lapse option, converting your coverage to a paid-up insurance with a shortened benefit period under the Contingent Benefit Upon Lapse option.*

Further details on these options can be found within this notification.



American Fidelity Assurance Company
[PO Box 25523]
[Oklahoma City, OK 73125-0523]
[Telephone: (800) 662-1113, option #5]
[Fax: (800) 522-6343]
[Online: www.americanfidelity.com]

Please be aware that you may choose to reduce your Lifetime Maximum Benefit Amount and associated Benefit Period (minimum of three years), reduce your Maximum Daily Benefit Amount, or increase your Lifetime Maximum Elimination Period at any time in the future and your premiums will be adjusted to the appropriate amount at that time.

Per the Contingent Benefit Upon Lapse provision of your policy, if you do not modify your coverage and your policy lapses within one-hundred-twenty (120) days of the effective date of this rate increase, we will consider you to have elected (2) as noted above. We will reduce your Lifetime Maximum Benefit Amount and will consider you paid-up.

Please take a moment to consider the purpose and value of your insurance protection. We understand that you may have questions or concerns about your coverage or the possibility of future premium rate increases and hope that the enclosed list of Frequently Asked Questions will help to address those. However, if you have any questions concerning this notification or any of the options outlined within, please do not hesitate to contact our [Customer Engagement Team] between the hours of [7:00 a.m. and 7:00 p.m. CST] [Monday through Friday] at [1-800-662-1113, option #5].

Sincerely,

American Fidelity Assurance Company
[Customer Engagement Team]

LONG TERM CARE BENEFIT REDUCTION OPTIONS

[12/18/2015]

Insured: [John Doe]

Policy Number: [ABC12345]

New Premium with No Changes in Coverage:	\$[62.17]	[Monthly]
Current Lifetime Maximum Benefit Period:	Lifetime	
Current Maximum Daily Benefit Amount:	\$[220.20]	
Lifetime Maximum Benefit Amount:	Unlimited	

You may keep your coverage exactly as it is now at the new premium. If you choose this option, you do nothing. Your current coverage will continue as long as you continue to submit the required premium shown above.

Shown below are the options that will allow you to modify your current coverage along with the associated premium. Please be aware that the information shown below, including the options listed and premiums quoted are based on your current policy information as of the date of this letter [12/18/2015]. If you would like to take advantage of one of these options to change your current coverage, please select your choice on the enclosed form, PS 155VA (LTCBRO)_CBUL. You will then return the signed and dated PS 155VA (LTCBRO)_CBUL to our administrative office in the enclosed postage paid return envelope or via fax 30 days prior to the rate increase effective date. We will send you confirmation of your policy changes via an updated policy schedule.

You may also request your most current policy schedule at any time. Please call our [Customer Engagement Team] between the hours of [7:00 a.m. and 7:00 p.m. CST] [Monday through Friday] at [1-800-662-1113option #5] if you have any questions, or would like to discuss different options, such as reducing your Lifetime Maximum Benefit Amount and associated Benefit Period (minimum of three years), reducing your Maximum Daily Benefit Amount, or increasing your Lifetime Maximum Elimination Period.

If you are on claim or are eligible for claim subject to satisfying your Elimination Period, it may not be in your best interest to make any changes in coverage at this time.

THE OPTIONS PROVIDED MAY NOT BE OF EQUAL VALUE, SO PLEASE REVIEW AND CONSIDER THESE OPTIONS VERY CAREFULLY PRIOR TO MAKING ANY CHANGES TO YOUR CURRENT COVERAGE.



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American Fidelity Assurance Company
[PO Box 25523]
[Oklahoma City, OK 73125-0523]
[Telephone: (800) 662-1113, option #5]
[Fax: (800) 522-6343]
[Online: www.americanfidelity.com]

Option 1

REDUCED LIFETIME MAXIMUM BENEFIT PERIOD OPTION

You may elect to lower your premium by reducing your benefit period as follows:

New Premium with Reduced Lifetime Maximum Benefit Period:	\$[47.23]	[Monthly]
Reduced Lifetime Maximum Benefit Period:	5 Years	
Maximum Daily Benefit Amount:	\$[220.20]	
Reduced Lifetime Maximum Benefit Amount:	\$[401,865.00]	

If you elect Option 1 to decrease your benefits, you cannot at a later date revert to your original full benefits. If I elect Option 1, it will go into effect on [9/1/2016].

Option 2

CONTINGENT BENEFIT UPON LAPSE OPTION

You may elect to discontinue paying premium and convert your coverage to a paid-up policy with a Reduced Lifetime Maximum Benefit Amount.

If you choose this option, you will have a Reduced Lifetime Maximum Benefit Amount that will be the greater of:

- A. Thirty (30) times the daily benefit amount paid for a nursing home confinement at the time of lapse; or
- B. The sum of the total premiums paid for the policy and all attached riders as of the date of lapse.

Any benefits previously paid to you under this policy will be subtracted from your available Lifetime Maximum Benefit Amount. In no event will the total amount of benefits paid prior to the date of lapse, plus benefits paid under this provision, exceed the maximum benefit amount which would be payable if the policy remained in a premium paying status.

Before electing Option 2, you may obtain further information on the applicable Reduced Lifetime Maximum Benefit Amount currently available under your policy by contacting the [Customer Engagement Team] between the hours of [7:00 a.m. and 7:00 p.m. CST] [Monday through Friday] at [1-800-662-1113, option #5].

If you elect Option 2 to discontinue paying premium, you will no longer be offered the Guaranteed Purchase Options to increase your benefits, you cannot resume paying premiums, and your benefit levels will never increase. If I elect Option 2, it will go into effect on [9/1/2016].



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American Fidelity Assurance Company

[PO Box 25523]

[Oklahoma City, OK 73125-0523]

[Telephone: (800) 662-1113, option #5]

[Fax: (800) 522-6343]

[Online: www.americanfidelity.com]

FREQUENTLY ASKED QUESTIONS

PREMIUM INCREASE

My premiums are being increased. Why?

At American Fidelity, we strive to provide quality coverage at affordable premiums. However, future claims are expected to be significantly higher than original expectations such that the current premiums are not adequate to support future claims. Therefore, it has become necessary to increase premiums. You are not being singled out for a premium increase. Rather, this premium adjustment is being done for all insureds in your class (same policy form, state of issue and benefit period).

Will there be additional premium increases in the future?

It is very likely that you could receive additional premium increases in the future. Any future rate increases would first have to be reviewed and approved by the Virginia State Corporation Commission. You will be notified if additional premium increases are required. In the event that additional premium increases are necessary, similar options will be available to you at that time.

BENEFIT REDUCTION OPTIONS

(See enclosed information)

Is there a way to keep my premiums at or below the current level?

Yes. There are ways to modify your current benefits so that you can maintain your premium at or below the current level. In the enclosed document - **LONG TERM CARE BENEFIT REDUCTION OPTIONS** – we have outlined your options. If you would like to discuss these options in detail, or other alternatives, please contact our [Customer Engagement Team] between the hours of [7:00 a.m. and 7:00 p.m. CST] [Monday through Friday] at [1-800-662-1113, option #5]. **However, if you are on claim, or are eligible to be on claim subject to satisfying your Elimination Period, it may not be in your best interest to change your coverage at this time.**

How do the Benefit Reduction Options impact my current coverage?

If you elect the Contingent Benefit Upon Lapse Option, you will not be able to later elect to resume payment of premium and will not have any future opportunities to increase benefits under your Guaranteed Purchase Option Benefit.

If you elect to reduce your Lifetime Maximum Benefit Amount or reduce your Lifetime Maximum Benefit Period, you will be unable to revert to your original benefits at any point in the future.

How long do I have to pick a Benefit Reduction Option?

You have a period of one-hundred-twenty (120) days after the due date of the rate increase to make your selection if you wish to discontinue premium payments and retain coverage. If you do not modify your coverage and your policy lapses within one-hundred-twenty (120) days of the effective date of this rate increase, we will consider you to have elected to convert your coverage to a paid-up policy with a shortened benefit period.

You may choose to reduce your Lifetime Maximum Benefit Amount and associated Benefit Period (minimum of three years), reduce your Maximum Daily Benefit Amount, or increase your Lifetime Maximum Elimination Period **at any time** in the future and your premiums will be adjusted to the appropriate amount at that time.

Please note, should you decide you do not wish to continue paying premiums at a later date, the below is an instance where you may be eligible to discontinue paying premiums and still retain reduced coverage in the future:

1. ***Contingent Benefit Upon Lapse*** – Per the Contingent Benefit Upon Lapse (CBUL) provision in your policy, **on or before a substantial increase in premium** as described in the Triggers For A Substantial Premium Increase Table, American Fidelity shall: offer you the option to reduce your benefits provided by your current coverage so that your required premium payments are not increased; or offer you the option to convert your coverage to a paid up status with a Contingent Benefit Upon Lapse Amount that provides paid up long term care insurance coverage after lapse.

**GUARANTEED PURCHASE OPTION
AND GUARANTEED INSURABILITY OPTION**

My coverage includes a Guaranteed Purchase Option Benefit and/or a Guaranteed Insurability Option. How will this be affected if I choose to reduce my benefits?

If you choose to elect the Contingent Benefit Upon Lapse Option, the Guaranteed Purchase Option Benefit, and Guaranteed Insurability Option Benefit if applicable, will no longer be in effect and no further increases will be allowed. If you choose to reduce the Lifetime Benefit Amount and associated Benefit Period, your ability to exercise your Guaranteed Purchase Option and/or Guaranteed Insurability Option will not be impacted.

COUPLES ENHANCEMENT BENEFIT RIDER

My coverage includes a Couples Enhancement Benefit Rider. How will this be affected if I choose to reduce my benefits?

If your coverage includes the Couples Enhancement Benefit Rider and a covered spouse is deceased, it may be in your best interest to continue to pay the increased premium and make no modifications to your current benefit options. If you have paid several years of premiums, and your covered spouse passed away, you may only have to pay premium a few more years in order for premiums to be permanently waived for your coverage at the current benefit levels. Please refer to the Couples Enhancement Benefit Rider for more specific information as to how your coverage would apply should your spouse pass away.

ADDITIONAL QUESTIONS

What if I do not elect to reduce benefits or take advantage of the Contingent Benefit Upon Lapse Option and choose to stop paying premium after my options have expired? What happens to my coverage?

If you do not modify your coverage and your policy lapses within one-hundred-twenty (120) days of the effective date of this rate increase, we will consider you to have elected to convert your coverage to a paid-up policy and we will reduce your Lifetime Maximum Benefit Amount. If you do not pay the required premium when due after the one-hundred-twenty (120) days expires, your coverage will lapse.

My premium is currently being waived because I am receiving benefits under my coverage. How will this premium increase impact me?

As long as premiums are being waived in accordance with the policy provisions, this increased premium will also be waived. Once you are no longer eligible for waiver of premium, as provided in your policy, the premium requirement will resume at the higher adjusted level.

I have already had some claims paid under my coverage. How does the Contingent Benefit Upon Lapse Option impact me?

Please note, if you elect the Contingent Benefit Upon Lapse Option, any benefits previously paid to you under this policy will be subtracted from your available Lifetime Maximum Benefit Amount. In no event will the total amount of benefits paid prior to the date of lapse, plus benefits paid under this provision, exceed the maximum benefit amount which would be payable if the policy remained in a premium paying status.

How can I view a copy of my policy?

To view a copy of your policy today, visit [\[www.americanfidelity.com\]](http://www.americanfidelity.com). If you would like a copy of your policy mailed to you, please contact the [Customer Engagement Team] at the number listed below.

If you have additional questions, feel free to contact our [Customer Engagement Team] between the hours of [7:00 a.m. and 7:00 p.m. CST] [Monday through Friday] at [1-800-662-1113, option #5].



American Fidelity Assurance Company
 [PO Box 25523]
 [Oklahoma City, OK 73125-0523]
 [Telephone: (800) 662-1113, option #5]
 [Fax: (800) 522-6343]
 [Online: www.americanfidelity.com]

[12/18/2015]

[John Doe]
 [123 Pine St.]
 [Apt. 2]
 [Walla Walla, WA 99362]

Re: Policy Number: [ABC12345]
 Insured: [John Doe]

Dear [John Doe],

Thank you for giving American Fidelity Assurance Company (American Fidelity) the opportunity to help serve your insurance needs. We appreciate having you as a customer and congratulate you on your wise decision to protect yourself with long term care insurance coverage.

At American Fidelity, we strive to provide quality coverage at affordable premiums. Unfortunately, the current premiums being received do not support the claims we have experienced and expect to experience in the future. More of our customers have retained their long term care policies over the years than we originally anticipated. Because of this, we have experienced and expect to experience higher claims than we initially accounted for when we rated this product. When this occurs, it becomes necessary to increase premiums. This premium adjustment is being applied to all insureds in your class (same policy form, state of issue and benefit period) and is not related to your individual claims experience. The rate increase request was reviewed by the Virginia State Corporation Commission and was found to be compliant with applicable Virginia laws and regulations addressing long-term care insurance. All premium rate filings are available for public inspection and may be accessed online through the Virginia Bureau of Insurance's webpage at www.scc.virginia.gov/BOI.

A rate increase of [66%] was approved by the Virginia State Corporation Commission. [The rate increase will be implemented over the course of [5] years, as shown below.] [This year is the [1st] year of the rate increase.] The following represents the premium change for your particular policy:

Current Premium	New Premium [for the 1 st year of the increase]	Amount of Change [for the 1 st year of the increase]	% Your Rates Will Increase [for the 1 st year of the increase]	Effective Date [for the 1 st year of the increase]
\$[56.52] [Monthly]	\$[62.17] [Monthly]	\$[5.65]	[10]%	[9/1/2016]



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[New Premium for the 2nd year of the increase \$[67.82] [Monthly]	Amount of Change for the 2nd year of the increase \$[5.65]	% Your Rates Will Increase for the 2nd year of the increase [10]%	Effective Date for the 2nd year of the increase [9/1/2017]
[New Premium for the 3rd year of the increase \$[73.47] [Monthly]	Amount of Change for the 3rd year of the increase \$[5.65]	% Your Rates Will Increase for the 3rd year of the increase [10]%	Effective Date for the 3rd year of the increase [9/1/2018]
[New Premium for the 4th year of the increase \$[79.12] [Monthly]	Amount of Change for the 4th year of the increase \$[5.65]	% Your Rates Will Increase for the 4th year of the increase [10]%	Effective Date for the 4th year of the increase [9/1/2019]
[New Premium for the 5th year of the increase \$[84.77] [Monthly]	Amount of Change for the 5th year of the increase \$[5.65]	% Your Rates Will Increase for the 5th year of the increase [10]%	Effective Date for the 5th year of the increase [9/1/2020]

Please keep this premium adjustment notification with your other important insurance documents. Send no money now. Your new premium will be reflected in the premium due on or after the effective date of [9/1/2016]. If your premium payment automatically goes through a bank, it may be necessary to notify the bank for payment of new premiums.

[As long as premiums are being waived in accordance with the policy provisions, this increased premium will also be waived. Once you are no longer eligible for waiver of premium, as provided in your policy, the premium requirement will resume at the higher adjusted level.]

If you prefer not to pay the increased premium, you may have other options. Within a period of one-hundred-twenty (120) days after the due date of the rate increase you may elect:

- (1) To *reduce your policy benefits* so that your *required premium payments may be reduced*; **or**
- (2) To *elect the Contingent Benefit Upon Lapse option, converting your coverage to a paid-up insurance with a shortened benefit period under the Contingent Benefit Upon Lapse option.*

Further details on these options can be found within this notification.



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Please be aware that you may choose to reduce your Lifetime Maximum Benefit Amount and associated Benefit Period (minimum of three years), reduce your Maximum Daily Benefit Amount, or increase your Lifetime Maximum Elimination Period at any time in the future and your premiums will be adjusted to the appropriate amount at that time.

Per the Contingent Benefit Upon Lapse provision of your policy, if you do not modify your coverage and your policy lapses within one-hundred-twenty (120) days of the effective date of this rate increase, we will consider you to have elected (2) as noted above. We will reduce your Lifetime Maximum Benefit Amount and will consider you paid-up.

Please take a moment to consider the purpose and value of your insurance protection. We understand that you may have questions or concerns about your coverage or the possibility of future premium rate increases and hope that the enclosed list of Frequently Asked Questions will help to address those. However, if you have any questions concerning this notification or any of the options outlined within, please do not hesitate to contact our [Customer Engagement Team] between the hours of [7:00 a.m. and 7:00 p.m. CST] [Monday through Friday] at [1-800-662-1113, option #5].

Sincerely,

American Fidelity Assurance Company
[Customer Engagement Team]

LONG TERM CARE BENEFIT REDUCTION OPTIONS

[12/18/2015]

Insured: [John Doe]

Policy Number: [ABC12345]

New Premium with No Changes in Coverage:	\$[62.17]	[Monthly]
Current Lifetime Maximum Benefit Period:	Lifetime	
Current Maximum Daily Benefit Amount:	\$[220.20]	
Lifetime Maximum Benefit Amount:	Unlimited	

You may keep your coverage exactly as it is now at the new premium. If you choose this option, you do nothing. Your current coverage will continue as long as you continue to submit the required premium shown above.

Shown below are the options that will allow you to modify your current coverage along with the associated premium. Please be aware that the information shown below, including the options listed and premiums quoted are based on your current policy information as of the date of this letter [12/18/2015]. If you would like to take advantage of one of these options to change your current coverage, please select your choice on the enclosed form, PS 155VA (LTCBRO)_CBUL. You will then return the signed and dated PS 155VA (LTCBRO)_CBUL to our administrative office in the enclosed postage paid return envelope or via fax 30 days prior to the rate increase effective date. We will send you confirmation of your policy changes via an updated policy schedule.

You may also request your most current policy schedule at any time. Please call our [Customer Engagement Team] between the hours of [7:00 a.m. and 7:00 p.m. CST] [Monday through Friday] at [1-800-662-1113option #5] if you have any questions, or would like to discuss different options, such as reducing your Lifetime Maximum Benefit Amount and associated Benefit Period (minimum of three years), reducing your Maximum Daily Benefit Amount, or increasing your Lifetime Maximum Elimination Period.

If you are on claim or are eligible for claim subject to satisfying your Elimination Period, it may not be in your best interest to make any changes in coverage at this time.

THE OPTIONS PROVIDED MAY NOT BE OF EQUAL VALUE, SO PLEASE REVIEW AND CONSIDER THESE OPTIONS VERY CAREFULLY PRIOR TO MAKING ANY CHANGES TO YOUR CURRENT COVERAGE.



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Option 1

REDUCED LIFETIME MAXIMUM BENEFIT PERIOD OPTION

You may elect to lower your premium by reducing your benefit period as follows:

New Premium with Reduced Lifetime Maximum Benefit Period:	\$[47.23]	[Monthly]
Reduced Lifetime Maximum Benefit Period:	5 Years	
Maximum Daily Benefit Amount:	\$[220.20]	
Reduced Lifetime Maximum Benefit Amount:	\$[401,865.00]	

If you elect Option 1 to decrease your benefits, you cannot at a later date revert to your original full benefits. If I elect Option 1, it will go into effect on [9/1/2016].

Option 2

CONTINGENT BENEFIT UPON LAPSE OPTION

You may elect to discontinue paying premium and convert your coverage to a paid-up policy with a Reduced Lifetime Maximum Benefit Amount.

If you choose this option, you will have a Reduced Lifetime Maximum Benefit Amount that will be the greater of:

- A. Thirty (30) times the daily benefit amount paid for a nursing home confinement at the time of lapse; or
- B. The sum of the total premiums paid for the policy and all attached riders as of the date of lapse.

Any benefits previously paid to you under this policy will be subtracted from your available Lifetime Maximum Benefit Amount. In no event will the total amount of benefits paid prior to the date of lapse, plus benefits paid under this provision, exceed the maximum benefit amount which would be payable if the policy remained in a premium paying status.

Before electing Option 2, you may obtain further information on the applicable Reduced Lifetime Maximum Benefit Amount currently available under your policy by contacting the [Customer Engagement Team] between the hours of [7:00 a.m. and 7:00 p.m. CST] [Monday through Friday] at [1-800-662-1113, option #5].

If you elect Option 2 to discontinue paying premium, you will no longer be offered the Guaranteed Purchase Options to increase your benefits, you cannot resume paying premiums, and your benefit levels will never increase. If I elect Option 2, it will go into effect on [9/1/2016].



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FREQUENTLY ASKED QUESTIONS

PREMIUM INCREASE

My premiums are being increased. Why?

At American Fidelity, we strive to provide quality coverage at affordable premiums. However, future claims are expected to be significantly higher than original expectations such that the current premiums are not adequate to support future claims. Therefore, it has become necessary to increase premiums. You are not being singled out for a premium increase. Rather, this premium adjustment is being done for all insureds in your class (same policy form, state of issue and benefit period).

Will there be additional premium increases in the future?

It is very likely that you could receive additional premium increases in the future. Any future rate increases would first have to be reviewed and approved by the Virginia State Corporation Commission. You will be notified if additional premium increases are required. In the event that additional premium increases are necessary, similar options will be available to you at that time.

BENEFIT REDUCTION OPTIONS

(See enclosed information)

Is there a way to keep my premiums at or below the current level?

Yes. There are ways to modify your current benefits so that you can maintain your premium at or below the current level. In the enclosed document - **LONG TERM CARE BENEFIT REDUCTION OPTIONS** – we have outlined your options. If you would like to discuss these options in detail, or other alternatives, please contact our [Customer Engagement Team] between the hours of [7:00 a.m. and 7:00 p.m. CST] [Monday through Friday] at [1-800-662-1113, option #5]. **However, if you are on claim, or are eligible to be on claim subject to satisfying your Elimination Period, it may not be in your best interest to change your coverage at this time.**

How do the Benefit Reduction Options impact my current coverage?

If you elect the Contingent Benefit Upon Lapse Option, you will not be able to later elect to resume payment of premium and will not have any future opportunities to increase benefits under your Guaranteed Purchase Option Benefit.

If you elect to reduce your Lifetime Maximum Benefit Amount or reduce your Lifetime Maximum Benefit Period, you will be unable to revert to your original benefits at any point in the future.

How long do I have to pick a Benefit Reduction Option?

You have a period of one-hundred-twenty (120) days after the due date of the rate increase to make your selection if you wish to discontinue premium payments and retain coverage. If you do not modify your coverage and your policy lapses within one-hundred-twenty (120) days of the effective date of this rate increase, we will consider you to have elected to convert your coverage to a paid-up policy with a shortened benefit period.

You may choose to reduce your Lifetime Maximum Benefit Amount and associated Benefit Period (minimum of three years), reduce your Maximum Daily Benefit Amount, or increase your Lifetime Maximum Elimination Period **at any time** in the future and your premiums will be adjusted to the appropriate amount at that time.

Please note, should you decide you do not wish to continue paying premiums at a later date, the below is an instance where you may be eligible to discontinue paying premiums and still retain reduced coverage in the future:

1. ***Contingent Benefit Upon Lapse*** – Per the Contingent Benefit Upon Lapse (CBUL) provision in your policy, **on or before a substantial increase in premium** as described in the Triggers For A Substantial Premium Increase Table, American Fidelity shall: offer you the option to reduce your benefits provided by your current coverage so that your required premium payments are not increased; or offer you the option to convert your coverage to a paid up status with a Contingent Benefit Upon Lapse Amount that provides paid up long term care insurance coverage after lapse.

**GUARANTEED PURCHASE OPTION
AND GUARANTEED INSURABILITY OPTION**

My coverage includes a Guaranteed Purchase Option Benefit and/or a Guaranteed Insurability Option. How will this be affected if I choose to reduce my benefits?

If you choose to elect the Contingent Benefit Upon Lapse Option, the Guaranteed Purchase Option Benefit, and Guaranteed Insurability Option Benefit if applicable, will no longer be in effect and no further increases will be allowed. If you choose to reduce the Lifetime Benefit Amount and associated Benefit Period, your ability to exercise your Guaranteed Purchase Option and/or Guaranteed Insurability Option will not be impacted.

COUPLES ENHANCEMENT BENEFIT RIDER

My coverage includes a Couples Enhancement Benefit Rider. How will this be affected if I choose to reduce my benefits?

If your coverage includes the Couples Enhancement Benefit Rider and a covered spouse is deceased, it may be in your best interest to continue to pay the increased premium and make no modifications to your current benefit options. If you have paid several years of premiums, and your covered spouse passed away, you may only have to pay premium a few more years in order for premiums to be permanently waived for your coverage at the current benefit levels. Please refer to the Couples Enhancement Benefit Rider for more specific information as to how your coverage would apply should your spouse pass away.

ADDITIONAL QUESTIONS

What if I do not elect to reduce benefits or take advantage of the Contingent Benefit Upon Lapse Option and choose to stop paying premium after my options have expired? What happens to my coverage?

If you do not modify your coverage and your policy lapses within one-hundred-twenty (120) days of the effective date of this rate increase, we will consider you to have elected to convert your coverage to a paid-up policy and we will reduce your Lifetime Maximum Benefit Amount. If you do not pay the required premium when due after the one-hundred-twenty (120) days expires, your coverage will lapse.

My premium is currently being waived because I am receiving benefits under my coverage. How will this premium increase impact me?

As long as premiums are being waived in accordance with the policy provisions, this increased premium will also be waived. Once you are no longer eligible for waiver of premium, as provided in your policy, the premium requirement will resume at the higher adjusted level.

I have already had some claims paid under my coverage. How does the Contingent Benefit Upon Lapse Option impact me?

Please note, if you elect the Contingent Benefit Upon Lapse Option, any benefits previously paid to you under this policy will be subtracted from your available Lifetime Maximum Benefit Amount. In no event will the total amount of benefits paid prior to the date of lapse, plus benefits paid under this provision, exceed the maximum benefit amount which would be payable if the policy remained in a premium paying status.

How can I view a copy of my policy?

To view a copy of your policy today, visit [\[www.americanfidelity.com\]](http://www.americanfidelity.com). If you would like a copy of your policy mailed to you, please contact the [Customer Engagement Team] at the number listed below.

If you have additional questions, feel free to contact our [Customer Engagement Team] between the hours of [7:00 a.m. and 7:00 p.m. CST] [Monday through Friday] at [1-800-662-1113, option #5].

AMERICAN FIDELITY ASSURANCE COMPANY

(a Stock Company)

9000 Cameron Parkway Oklahoma City, Oklahoma 73114

STATEMENT OF VARIABILITY

The PS 155VA_Standard and the PS 155VA_CBUL contain variable information. These forms are completed in John Doe format and variable items are enclosed in brackets []. The ranges/options for all variable items are shown within the brackets. All variable items will become fixed when the form is generated.

1. The **company logo** has been marked variable in the event that it should change.
2. The **company contact information** at the upper right hand corner of each page, which includes the current address, telephone number, fax number, and website, has been marked variable in the event that it should change.
3. The **date** of the form has been marked variable and will populate when the form is generated. The date that will populate is the date that the form is generated. Possible formats include: 1/1/16; 01/01/2016; January 1, 2016; or Jan 1, 2016.
4. The **customer name** has been marked variable and will populate when the form is generated. The customer name that will be used is the contact name we have on file in the event correspondence is to be sent regarding the policy. This may be the Insured or a designated secondary addressee. The format will be first name followed by last name.
5. The **customer address** has been marked variable and will populate when the form is generated. The customer address that will be used is the mailing address we have on file in the event correspondence is to be sent regarding the policy. This may be the Insured's address or the address of a designated secondary addressee.
6. The **Policy Number** has been marked variable and will populate when the form is generated. This is the unique identifier our company assigns to the policy at the time of issue.
7. The **Insured name** has been marked variable and will populate when the form is generated. The Insured name is the name of the Insured as it appears on the application for insurance. The format will be first name followed by last name.
8. The **addressee** has been marked variable and will populate when the form is generated. This will be the Insured name as it appears on the application for insurance. Possible formats include first name followed by last name or first name only.
9. The **overall rate increase %** is marked variability in the sentence, "A rate increase of [66%] was approved by the Virginia State Corporation Commission." The overall % approved will populate in that field with the notification is generated.

10. The following sentence has been marked variable and will populate when the form is generated
“**[The rate increase will be implemented over the course of [5] years, as shown below.]**” It will only populate in the event that the rate increase is to be implemented over the course of multiple years. If the increase is only implemented in the first year, this sentence will not populate.
11. The **year number** in the following sentence has been marked variable and will populate when the form is generated, “**[The rate increase will be implemented over the course of [5] years, as shown below.]**” It will only populate in the event that the rate increase is to be implemented over the course of multiple years. If the increase is only implemented in the first year, this sentence will not populate. The year number reflected will correspond to the number of years over which the rate increase will be implemented. The range is: 1-5. The format may include: 5; five.
12. The following sentence has been marked variable and will populate when the form is generated, “**[This year is the [1st] year of the rate increase.]**” It will only populate in the event that the rate increase is to be implemented over the course of multiple years. If the increase is only implemented in the one year, this sentence will not populate. It will only populate in the event that the rate increase is to be implemented over the course of multiple years. If the increase is only implemented in the first year, this sentence will not populate. The year number reflected will correspond to the number of years over which the rate increase will be implemented. The range is: 1-5. The format may include: 5th; fifth.
13. The year number in the following sentence has been marked variable and will populate when the form is generated, “**[This year is the [1st] year of the rate increase.]**”
14. The **Current Premium amount** has been marked variable and will populate when the form is generated. This will be the premium before the rate increase. The format will be \$0.00.
15. The **Current Premium mode** has been marked variable and will populate when the form is generated. Premium mode variables include Annual, Semi-Annual, Quarterly, Monthly, or Skip Month.
16. The phrase “**for the 1st year of the increase**” in the following “**New Premium [for the 1st year of the increase]**” is marked variable and will populate when the form is generated. It will only populate in the event that the rate increase is to be implemented over the course of multiple years. If the increase is only implemented in the first year, this table will not populate.
17. The **New Premium amount** has been marked variable and will populate when the form is generated. This will be the premium after the rate increase. The format will be \$0.00.
18. The **New Premium mode** has been marked variable and will populate when the form is generated. Premium mode variables include Annual, Semi-Annual, Quarterly, Monthly, or Skip Month.
19. The phrase “**for the 1st year of the increase**” in the following “**Amount of Change [for the 1st year of the increase]**” is marked variable and will populate when the form is generated. It will only populate in the event that the rate increase is to be implemented over the course of multiple years. If the increase is only implemented in the first year, this table will not populate.

20. The **Amount of Change** has been marked variable and will populate when the form is generated. This figure will be based on the dollar difference between the Current Premium and the New Premium. The format will be \$0.00.
21. The phrase “**for the 1st year of the increase**” in the following “**% Your Rates Will Increase [for the 1st year of the increase]**” is marked variable and will populate when the form is generated. It will only populate in the event that the rate increase is to be implemented over the course of multiple years. If the increase is only implemented in the first year, this table will not populate.
22. The **% Your Rates Will Increase** has been marked variable and will populate when the form is generated. This figure will be based on the % difference between the Current Premium and the New Premium. Possible formats include: 80%; 80.0%, 80.00%.
23. The phrase “**for the 1st year of the increase**” in the following “**Effective Date [for the 1st year of the increase]**” is marked variable and will populate when the form is generated. It will only populate in the event that the rate increase is to be implemented over the course of multiple years. If the increase is only implemented in the first year, this table will not populate.
24. The **Effective Date** has been marked variable and will populate when the form is generated. It is when the rate increase will go into effect. Possible formats include: 1/1/16; 01/01/2016; January 1, 2016; or Jan 1, 2016.
25. In order to allow for flexibility in the event that a rate increase is to be implemented over multiple years, we have created a table that may or may not populate as the form generates.

[New Premium for the 2nd year of the increase \$[67.82] [Monthly]	Amount of Change for the 2nd year of the increase \$[5.65]	% Your Rates Will Increase for the 2nd year of the increase [10]%	Effective Date for the 2nd year of the increase [9/1/2017]]
[New Premium for the 3rd year of the increase \$[73.47] [Monthly]	Amount of Change for the 3rd year of the increase \$[5.65]	% Your Rates Will Increase for the 3rd year of the increase [10]%	Effective Date for the 3rd year of the increase [9/1/2018]]
[New Premium for the 4th year of the increase \$[79.12] [Monthly]	Amount of Change for the 4th year of the increase \$[5.65]	% Your Rates Will Increase for the 4th year of the increase [10]%	Effective Date for the 4th year of the increase [9/1/2019]]
[New Premium for the 5th year of the increase \$[84.77] [Monthly]	Amount of Change for the 5th year of the increase \$[5.65]	% Your Rates Will Increase for the 5th year of the increase [10]%	Effective Date for the 5th year of the increase [9/1/2020]]

We have allowed for 5 years of flexibility. For example: if the rate increase is implemented over 2 years, only the “New Premium for the 2nd year of the increase” row will print. For 3 years, only the first 2 rows for the 2nd and 3rd year will populate, and so on and so forth. If the increase is only implemented in the first year, this table will not populate.

26. The **date** in the following sentence, "**Your new premium will be reflected in the premium due on or after the effective date of [xx/xx/xxxx].**" has been marked variable and will populate when the form is generated. This date is the date the rate increase will go into effect. Possible formats include: 1/1/16; 01/01/2016; January 1, 2016; or Jan 1, 2016.
27. The following paragraph has been marked variable and will only populate if the customer receiving the letter is in premium waiver status. "**[As long as premiums are being waived in accordance with the policy provisions, this increased premium will also be waived. Once you are no longer eligible for waiver of premium, as provided in your policy, the premium requirement will resume at the higher adjusted level.]**" If the customer receiving the notification is not on premium waiver, this paragraph will not populate.
28. The **name of the handling team** has been marked variable in the event that it should change. At present, those that will be handling customer calls are on the *Customer Engagement Team*.
29. The handling team is currently **operating between the hours** of 7:00 a.m. and 7:00 p.m. CST. This information has been marked variable in the event that it should change.
30. The handling team's current **days of operation** are *Monday through Friday*. This information has been marked variable in the event that it should change.
31. The **telephone number** 1-800-662-1113, *option #5* has been marked variable in the event that it should change.
32. The **New Premium with No Changes in Coverage amount** has been marked variable and will populate when the form is generated. This will be the premium after the rate increase. The format will be \$0.00.
33. The **New Premium with No Changes in Coverage mode** has been marked variable and will populate when the form is generated. Premium mode variables include Annual, Semi-Annual, Quarterly, Monthly, or Skip Month.
34. The **Current Maximum Daily Benefit Amount** has been marked variable and will populate when the form is generated. This value is the daily maximum benefit amount of the customer's current coverage. The format will be \$0.00.
35. The **date** in the following sentence, "**Please be aware that the information shown below, including the options listed and premiums quoted are based on your current policy information as of the date of this form xx/xx/xxxx.**" has been marked variable and will populate when the form is generated. The date that will populate is the date that the form is generated. Possible formats include: 1/1/16; 01/01/2016; January 1, 2016; or Jan 1, 2016.
36. The **New Premium with Reduced Lifetime Maximum Benefit Period amount** has been marked variable and will populate when the form is generated. This will be the premium after the rate increase. The format will be \$0.00.

37. The **New Premium with Reduced Lifetime Maximum Benefit Period mode** has been marked variable and will populate when the form is generated. Premium mode variables include Annual, Semi-Annual, Quarterly, Monthly, or Skip Month.
38. The **Maximum Daily Benefit Amount** has been marked variable and will populate when the form is generated. This value will be the same as the **Current Maximum Daily Benefit Amount**, as only the Lifetime Maximum Benefit Period and Lifetime Maximum Benefit Amount are being reduced. The format will be \$0.00.
39. The **Reduced Lifetime Maximum Benefit Amount** has been marked variable and will populate when the form is generated. This amount will be calculated using the new Reduced Lifetime Maximum Benefit Period and Maximum Daily Benefit Amount. The format will be \$0.00.
40. The **effective date** represented in the following sentences under Options 1 & 2 will be the effective date for the rate increase the customer is being notified of (1st year effective date, 2nd year effective date, etc). "If you elect Option 1, it will go into effect on [9/1/2016]." and "If you elect Option 2, it will go into effect on [9/1/2016]."

Carissa
Edwards

Digitally signed by Carissa Edwards
DN: cn=Carissa Edwards, o=American Fidelity
Assurance Company, ou=Strategic
Development Division, Product Compliance,
email=carissa.edwards@americanfidelity.com,
c=US
Date: 2017.04.28 10:46:11 -05'00'

Carissa Edwards
Compliance Analyst III

4/28/2017
Date



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American Fidelity Assurance Company
[PO Box 25523]
[Oklahoma City, OK 73125-0523]
[Telephone: (800) 662-1113, option #5]
[Fax: (800) 522-6343]
[Online: www.americanfidelity.com]

[12/18/2015]

[John Doe]
[123 Pine St.]
[Apt. 2]
[Walla Walla, WA 99362]

Re: Policy Number: [ABC12345]
Insured: [John Doe]

Dear [John Doe],

Thank you for giving American Fidelity Assurance Company (American Fidelity) the opportunity to help serve your insurance needs. We appreciate having you as a customer and congratulate you on your wise decision to protect yourself with long term care insurance coverage.

At American Fidelity, we strive to provide quality coverage at affordable premiums. Unfortunately, the current premiums being received do not support the claims we have experienced and expect to experience in the future. More of our customers have retained their long term care policies over the years than we originally anticipated. Because of this, we have experienced and expect to experience higher claims than we initially accounted for when we rated this product. When this occurs, it becomes necessary to increase premiums. This premium adjustment is being applied to all insureds in your class (same policy form, state of issue and benefit period) and is not related to your individual claims experience. The rate increase request was reviewed by the Virginia State Corporation Commission and was found to be compliant with applicable Virginia laws and regulations addressing long-term care insurance. All premium rate filings are available for public inspection and may be accessed online through the Virginia Bureau of Insurance's webpage at www.scc.virginia.gov/BOI.

A rate increase of [66%] was approved by the Virginia State Corporation Commission. [The rate increase will be implemented over the course of [5] years, as shown below.] [This year is the [1st] year of the rate increase.] The following represents the premium change for your particular policy:

Current Premium	New Premium [for the 1 st year of the increase]	Amount of Change [for the 1 st year of the increase]	% Your Rates Will Increase [for the 1 st year of the increase]	Effective Date [for the 1 st year of the increase]
[\$56.52] [Monthly]	[\$62.17] [Monthly]	[\$5.65]	[10]%	[9/1/2016]



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[New Premium for the 2 nd year of the increase \$[67.82] [Monthly]	Amount of Change for the 2 nd year of the increase \$[5.65]	% Your Rates Will Increase for the 2 nd year of the increase [10]%	Effective Date for the 2 nd year of the increase [9/1/2017]
[New Premium for the 3 rd year of the increase \$[73.47] [Monthly]	Amount of Change for the 3 rd year of the increase \$[5.65]	% Your Rates Will Increase for the 3 rd year of the increase [10]%	Effective Date for the 3 rd year of the increase [9/1/2018]
[New Premium for the 4 th year of the increase \$[79.12] [Monthly]	Amount of Change for the 4 th year of the increase \$[5.65]	% Your Rates Will Increase for the 4 th year of the increase [10]%	Effective Date for the 4 th year of the increase [9/1/2019]
[New Premium for the 5 th year of the increase \$[84.77] [Monthly]	Amount of Change for the 5 th year of the increase \$[5.65]	% Your Rates Will Increase for the 5 th year of the increase [10]%	Effective Date for the 5 th year of the increase [9/1/2020]

Please keep this premium adjustment notification with your other important insurance documents. Send no money now. Your new premium will be reflected in the premium due on or after the effective date of [9/1/2016]. If your premium payment automatically goes through a bank, it may be necessary to notify the bank for payment of new premiums.

[As long as premiums are being waived in accordance with the policy provisions, this increased premium will also be waived. Once you are no longer eligible for waiver of premium, as provided in your policy, the premium requirement will resume at the higher adjusted level.]

If you prefer not to pay the increased premium, you may have other options. Within a period of seventy-five (75) days from the date of this letter, you may elect:

- (1) To *reduce your policy benefits* so that your *required premium payments may be reduced*; **or**
- (2) To *convert your coverage to a paid-up insurance with a shortened benefit period*.

Further details on these options can be found within this notification.

Please be aware that you may choose to reduce your Lifetime Maximum Benefit Amount and associated Benefit Period (minimum of three years), reduce your Maximum Daily Benefit Amount, or increase your Lifetime Maximum Elimination Period at any time in the future and your premiums will be adjusted to the appropriate amount at that time. Also, if your coverage includes the Nonforfeiture Benefit Rider you may elect to stop paying premiums and go paid-up with a shortened benefit period at any time.



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Please take a moment to consider the purpose and value of your insurance protection. We understand that you may have questions or concerns about your coverage or the possibility of future premium rate increases and hope that the enclosed list of Frequently Asked Questions will help to address those. However, if you have any questions concerning this notification or any of the options outlined within, please do not hesitate to contact our [Customer Engagement Team] between the hours of [7:00 a.m. and 7:00 p.m. CST] [Monday through Friday] at [1-800-662-1113, option #5].

Sincerely,

American Fidelity Assurance Company

[Customer Engagement Team]

LONG TERM CARE BENEFIT REDUCTION OPTIONS

[12/18/2015]

Insured: [John Doe]

Policy Number: [ABC12345]

New Premium with No Changes in Coverage:

\$[62.17] [Monthly]

Current Lifetime Maximum Benefit Period:

Lifetime

Current Maximum Daily Benefit Amount:

\$[220.20]

Lifetime Maximum Benefit Amount:

Unlimited

You may keep your coverage exactly as it is now at the new premium. If you choose this option, you do nothing. Your current coverage will continue as long as you continue to submit the required premium shown above.

Shown below are the options that will allow you to modify your current coverage along with the associated premium. Please be aware that the information shown below, including the options listed and premiums quoted are based on your current policy information as of the date of this letter [12/18/2015]. If you would like to take advantage of one of these options to change your current coverage, please select your choice on the enclosed form, PS 155VA (LTCBRO). You will then return the signed and dated PS 155VA (LTCBRO) to our administrative office in the enclosed postage paid return envelope or via fax 30 days prior to the rate increase effective date. We will send you confirmation of your policy changes via an updated policy schedule.

You may also request your most current policy schedule at any time. Please call our [Customer Engagement Team] between the hours of [7:00 a.m. and 7:00 p.m. CST] [Monday through Friday] at [1-800-662-1113option #5] if you have any questions, or would like to discuss different options, such as reducing your Lifetime Maximum Benefit Amount and associated Benefit Period (minimum of three years), reducing your Maximum Daily Benefit Amount, or increasing your Lifetime Maximum Elimination Period.

If you are on claim or are eligible for claim subject to satisfying your Elimination Period, it may not be in your best interest to make any changes in coverage at this time.

THE OPTIONS PROVIDED MAY NOT BE OF EQUAL VALUE, SO PLEASE REVIEW AND CONSIDER THESE OPTIONS VERY CAREFULLY PRIOR TO MAKING ANY CHANGES TO YOUR CURRENT COVERAGE.



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Option 1

REDUCED LIFETIME MAXIMUM BENEFIT PERIOD OPTION

You may elect to lower your premium by reducing your benefit period as follows:

New Premium with Reduced Lifetime Maximum Benefit Period:	\$[47.23]	[Monthly]
Reduced Lifetime Maximum Benefit Period:	5 Years	
Maximum Daily Benefit Amount:	\$[220.20]	
Reduced Lifetime Maximum Benefit Amount:	\$[401,865.00]	

Please be aware that you may choose to reduce your Lifetime Maximum Benefit Amount and associated Benefit Period (minimum of three years), reduce your Maximum Daily Benefit Amount, or increase your Lifetime Maximum Elimination Period at any time in the future and your premiums will be adjusted to the appropriate amount at that time.

If you elect Option 1 to decrease your benefits, you cannot at a later date revert to your original full benefits. If you elect Option 1, it will go into effect on [9/1/2016].

Option 2

PAID-UP WITH REDUCED LIFETIME MAXIMUM BENEFIT AMOUNT OPTION

You may elect to discontinue paying premium and convert your coverage to a paid-up policy with a Reduced Lifetime Maximum Benefit Amount.

If you choose this option, you will have a Reduced Lifetime Maximum Benefit Amount that will be the greater of:

- A. Thirty (30) times the daily benefit amount paid for a nursing home confinement at the time of lapse; or
- B. The sum of the total premiums paid for the policy and all attached riders as of the date of lapse.

Any benefits previously paid to you under this policy will be subtracted from your available Lifetime Maximum Benefit Amount. In no event will the total amount of benefits paid prior to the date of lapse, plus benefits paid under this provision, exceed the maximum benefit amount which would be payable if the policy remained in a premium paying status.

Please note, the option to choose a Reduced Lifetime Maximum Benefit Amount would be available in the future if: 1) you have the Nonforfeiture Benefit Rider, which you can exercise at any time regardless of whether there is a rate increase or not; or 2) the Contingent Benefit Upon Lapse (CBUL) provision of your policy is triggered due to a significant rate increase. Also, the option to choose a Reduced Lifetime Maximum Benefit Amount may be offered by American Fidelity on or before a future premium increase as a limited one-time option to discontinue paying premiums and convert the policy to paid-up status for individuals that do not satisfy 1) and 2) as noted above.



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[PO Box 25523]
[Oklahoma City, OK 73125-0523]
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Before electing Option 2, you may obtain further information on the applicable Reduced Lifetime Maximum Benefit Amount currently available under your policy by contacting the [Customer Engagement Team] between the hours of [7:00 a.m. and 7:00 p.m. CST] [Monday through Friday] at [1-800-662-1113, option #5].

If you elect Option 2 to discontinue paying premium, you will no longer be offered the Guaranteed Purchase Options to increase your benefits, you cannot resume paying premiums, and your benefit levels will never increase. If you elect Option 2, it will go into effect on [9/1/2016].

FREQUENTLY ASKED QUESTIONS

PREMIUM INCREASE

My premiums are being increased. Why?

At American Fidelity, we strive to provide quality coverage at affordable premiums. However, future claims are expected to be significantly higher than original expectations such that the current premiums are not adequate to support future claims. Therefore, it has become necessary to increase premiums. You are not being singled out for a premium increase. Rather, this premium adjustment is being done for all insureds in your class (same policy form, state of issue and benefit period).

Will there be additional premium increases in the future?

It is very likely that you could receive additional premium increases in the future. Any future rate increases would first have to be reviewed and approved by the Virginia State Corporation Commission. You will be notified if additional premium increases are required. In the event that additional premium increases are necessary, similar options will be available to you at that time.

BENEFIT REDUCTION OPTIONS

(See enclosed information)

Is there a way to keep my premiums at or below the current level?

Yes. There are ways to modify your current benefits so that you can maintain your premium at or below the current level. In the enclosed document - **LONG TERM CARE BENEFIT REDUCTION OPTIONS** – we have outlined your options. If you would like to discuss these options in detail, or other alternatives, please contact our [Customer Engagement Team] between the hours of [7:00 a.m. and 7:00 p.m. CST] [Monday through Friday] at [1-800-662-1113, option #5]. **However, if you are on claim, or are eligible to be on claim subject to satisfying your Elimination Period, it may not be in your best interest to change your coverage at this time.**

How do the Benefit Reduction Options impact my current coverage?

If you elect the Paid-up with Reduced Lifetime Maximum Benefit Amount Option, you will not be able to later elect to resume payment of premium and will not have any future opportunities to increase benefits under your Guaranteed Purchase Option Benefit.

If you elect to reduce your Lifetime Maximum Benefit Amount or reduce your Lifetime Maximum Benefit Period, you will be unable to revert to your original benefits at any point in the future.

How long do I have to pick a Benefit Reduction Option?

If you do not wish for the rate increase to be implemented, you will have a period of seventy-five (75) days after the date of this letter to make your selection if you wish to discontinue premium payments and retain coverage.

You may choose to reduce your Lifetime Maximum Benefit Amount and associated Benefit Period (minimum of three years), reduce your Maximum Daily Benefit Amount, or increase your Lifetime Maximum Elimination Period **at any time** in the future and your premiums will be adjusted to the appropriate amount at that time.



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Please note, should you decide you do not wish to continue paying premiums at a later date, the below are three instances where you *may be* eligible to discontinue paying premiums and still retain reduced coverage in the future:

1. **Nonforfeiture** - If your coverage includes the Nonforfeiture Benefit Rider you may elect to stop paying premiums **at any time** and receive a Reduced Lifetime Maximum Benefit Amount. Therefore if you choose not to elect Option 2 at this time, you may enact your Nonforfeiture Benefit Rider benefits in the future.
2. **Contingent Benefit Upon Lapse** – If your coverage does not include the Nonforfeiture Benefit Rider, per the Contingent Benefit Upon Lapse (CBUL) provision in your policy, **on or before a substantial increase in premium** as described in the Triggers For A Substantial Premium Increase Table, American Fidelity shall: offer you the option to reduce your benefits provided by your current coverage so that your required premium payments are not increased; or offer you the option to convert your coverage to a paid up status with a Contingent Benefit Upon Lapse Amount that provides paid up long term care insurance coverage after lapse.
3. **One-time offer** – American Fidelity may choose to offer another limited time option to discontinue paying premiums and convert the policy to paid-up status **on or before a future increase in premium**.

If your coverage includes the Nonforfeiture Benefit Rider – see below.

GUARANTEED PURCHASE OPTION AND GUARANTEED INSURABILITY OPTION

My coverage includes a Guaranteed Purchase Option Benefit and/or a Guaranteed Insurability Option. How will this be affected if I choose to reduce my benefits?

If you choose to elect the Paid-up with Reduced Lifetime Maximum Benefit Amount Option, the Guaranteed Purchase Option Benefit, and Guaranteed Insurability Option Benefit if applicable, will no longer be in effect and no further increases will be allowed. If you choose to reduce the Lifetime Benefit Amount and associated Benefit Period, your ability to exercise your Guaranteed Purchase Option and/or Guaranteed Insurability Option will not be impacted.

COUPLES ENHANCEMENT BENEFIT RIDER

My coverage includes a Couples Enhancement Benefit Rider. How will this be affected if I choose to reduce my benefits?

If your coverage includes the Couples Enhancement Benefit Rider and a covered spouse is deceased, it may be in your best interest to continue to pay the increased premium and make no modifications to your current benefit options. If you have paid several years of premiums, and your covered spouse passed away, you may only have to pay premium a few more years in order for premiums to be permanently waived for your coverage at the current benefit levels. Please refer to the Couples Enhancement Benefit Rider for more specific information as to how your coverage would apply should your spouse pass away.

NONFORFEITURE BENEFIT RIDER

My coverage includes a Nonforfeiture Benefit Rider. If I do not want to stop paying premiums at this time, will I have the opportunity to stop paying premiums later and keep coverage as described in my Nonforfeiture Benefit Rider?

Yes. If your coverage includes the Nonforfeiture Benefit Rider you may elect to stop paying premiums **at any time** and receive a Reduced Lifetime Maximum Benefit Amount. Therefore if you choose not to elect Paid-up with Reduced Lifetime Maximum Benefit Amount Option at this time, you may enact your Nonforfeiture Benefit Rider benefits in the future.

ADDITIONAL QUESTIONS

What if I do not elect to reduce benefits or take advantage of the Paid Up Option and choose to stop paying premium after my options have expired? What happens to my coverage?

If you do not pay the required premium when due, your coverage will lapse unless your coverage includes the Nonforfeiture Benefit Rider.

My premium is currently being waived because I am receiving benefits under my coverage. How will this premium increase impact me?

As long as premiums are being waived in accordance with the policy provisions, this increased premium will also be waived. Once you are no longer eligible for waiver of premium, as provided in your policy, the premium requirement will resume at the higher adjusted level.

I have already had some claims paid under my coverage. How does the Paid Up Option impact me?

Please note, if you elect the Paid-up with Reduced Lifetime Maximum Benefit Amount Option, any benefits previously paid to you under this policy will be subtracted from your available Lifetime Maximum Benefit Amount. In no event will the total amount of benefits paid prior to the date of lapse, plus benefits paid under this provision, exceed the maximum benefit amount which would be payable if the policy remained in a premium paying status.



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[PO Box 25523]

[Oklahoma City, OK 73125-0523]

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[Fax: (800) 522-6343]

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How can I view a copy of my policy?

To view a copy of your policy today, visit [\[www.americanfidelity.com\]](http://www.americanfidelity.com). If you would like a copy of your policy mailed to you, please contact the [Customer Engagement Team] at the number listed below.

If you have additional questions, feel free to contact our [Customer Engagement Team] between the hours of [7:00 a.m. and 7:00 p.m. CST] [Monday through Friday] at [1-800-662-1113, option #5].

October 25, 2018

Mr. Bill Dismore
 Virginia Bureau of Insurance
 Tyler Building, 1300 E. Main St.
 Richmond, Virginia 23219

RE: American Fidelity Assurance Company
 Individual Long Term Care Rate Increase Filing
 SERFF Tracking #WAKE-131598868

Dear Mr. Dismore:

Thank you for your continued consideration of this rate increase request. This correspondence is in reply to your 10/03/2018 correspondence.

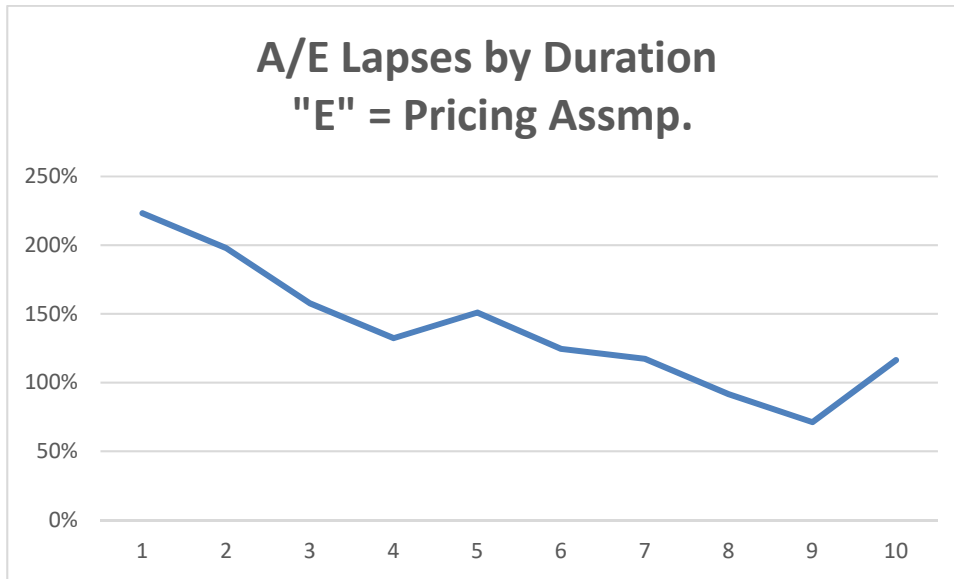
Since the last correspondence, we found some formula errors on the total all benefit periods nationwide and Virginia only, Exhibit D, lifetime experience. The aggregate rate increase amount on this total page was calculated incorrectly. It has no effect on the loss ratios or totals. Enclosed are the revised exhibits D.

1. Enclosed is the original actuarial memorandum, QLTC02 VA AM.pdf.
2. Enclosed is an updated Attachment 1, which includes the cumulative approved rate increases by state.
3. The table below shows loss ratio analysis and how each change from prior assumptions to current best estimate assumptions affects the lifetime loss ratio (excluding MAE).

		Initial Pricing Run	Step 1 - Add Actual Historical Experience	Step 2 - Add Current Disc. Rate Assumption	Step 3 - Add Best Estimate Mort.	Step 4 - Add Best Estimate Lapse	Step 5 - Add Best Estimate Morbidity	Step 6 - Add Rate Increase
Experience	2003-2017	Projected	Actual	Actual	Actual	Actual	Actual	Actual
	2018+	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Projection Assumptions	Disc. Rate	Pricing	Pricing	Best Est.	Best Est.	Best Est.	Best Est.	Best Est.
	Mort	Pricing	Pricing	Pricing	Best Est.	Best Est.	Best Est.	Best Est.
	Lapse	Pricing	Pricing	Pricing	Pricing	Best Est.	Best Est.	Best Est.
	Morb	Pricing	Pricing	Pricing	Pricing	Pricing	Best Est.	Best Est.
Lifetime Loss Ratio		68.7%	51.5%	59.3%	60.4%	71.7%	68.4%	63.7%

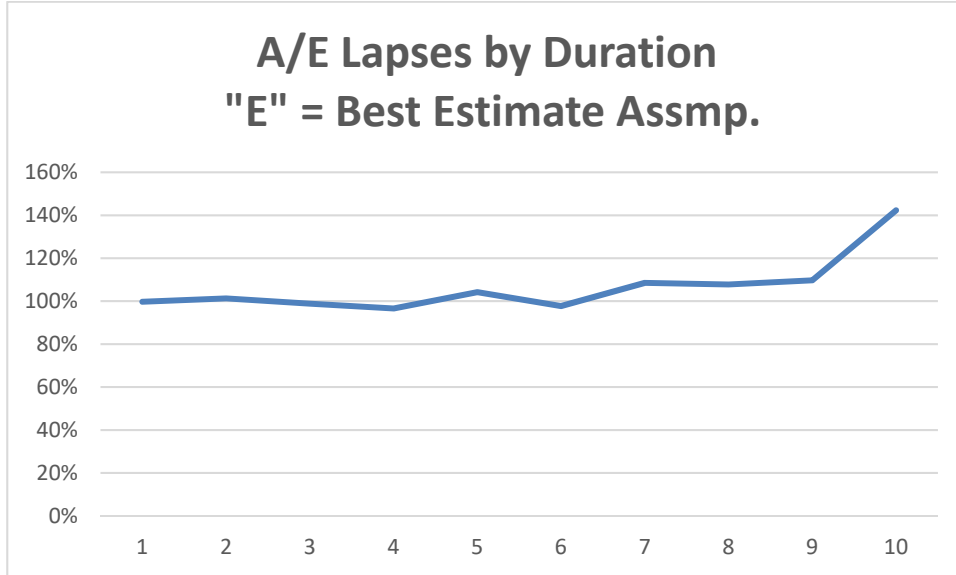
4. The actual to expected analyses are as follows:
 - a. The actual to expected claims analysis is provided in Exhibit D.

b. A/E lapses by duration, where “E” is the original pricing lapse assumption is as follows:



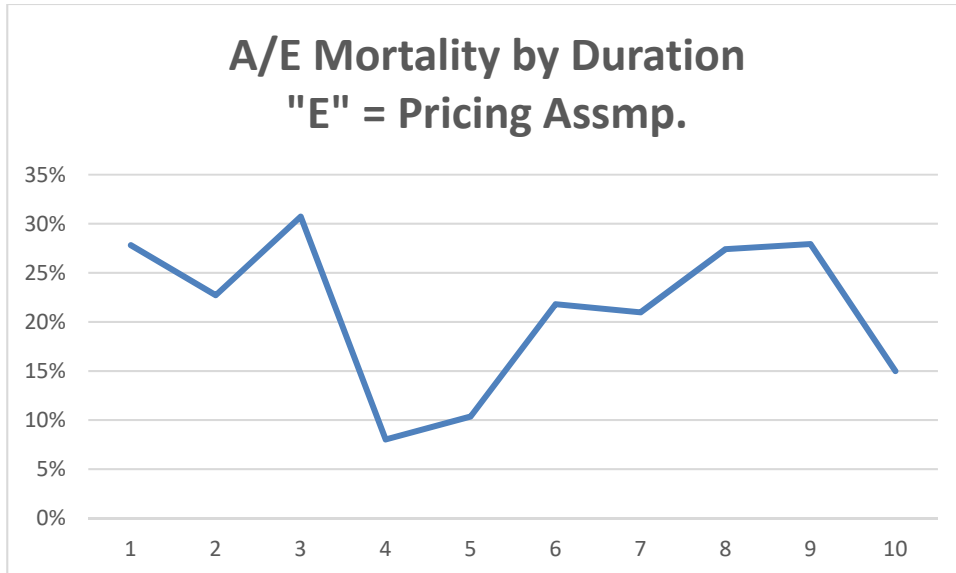
Policy Year	Exposure	Actual lapses	Expected Lapses
1	10,639	1,238	555
2	9,391	853	431
3	8,530	601	381
4	7,917	455	344
5	7,288	389	258
6	6,234	275	221
7	5,098	212	181
8	4,045	132	144
9	3,140	80	112
10	2,287	57	49
11	1,566	36	34
12	918	29	20
13	434	6	9
Total	67,487	4,363	2,738

- b. A/E lapses by duration, where “E” is the current best estimate lapse assumption is as follows:

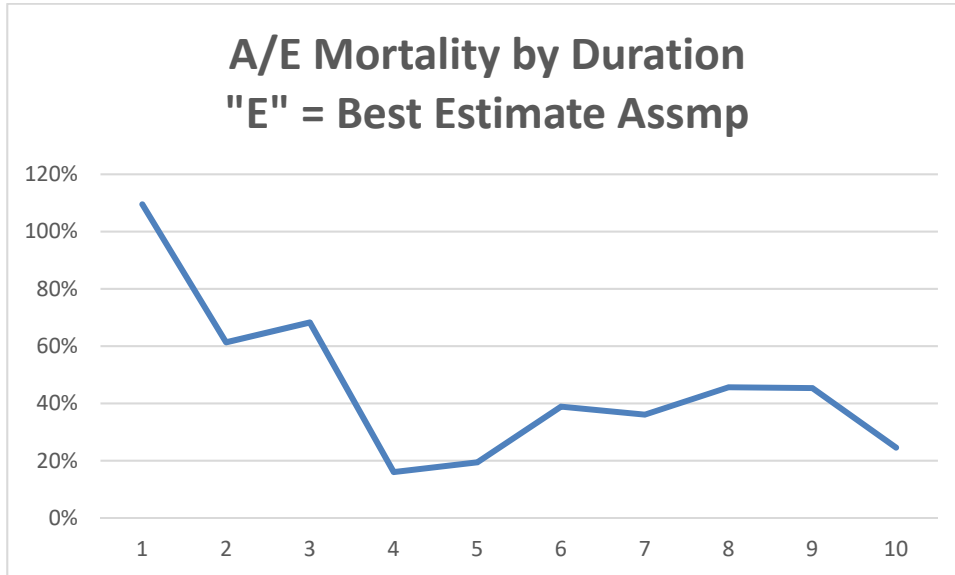


Expected lapses may be a little high ultimately because they are derived using a standard mortality table, and deaths are running below that table. Note that the ultimate best estimate lapse rate is 0.3%, so 115% of that rate is only 0.345% which is far below the overall 2.0% expected at pricing.

- c. A/E mortality by duration, where “E” is the original pricing mortality assumption is as follows:



d. A/E mortality by duration, where “E” is the current best estimate mortality assumption is as follows:



Mortality is running far below 2008 VBT. We do not expect this to continue and Actual to Expected deaths are increasing through duration 8 before the experience starts to break up.

5. 1082 claims over the most recent 5 years was assumed as the standard for full credibility. We have updated the historical experience with claims paid through 5/31/2018. For purposes of calculating credibility, separately for the lifetime and non-lifetime benefit experience, nationwide claim counts for the period 2012 – 2016 has been used. For this time period, there have been 40 lifetime benefit and 18 non-lifetime benefit claims nationwide. We have used the formula $(N/1082)^{(1/2)}$ for credibility where N is the number of claims incurred during the most recent five years. Claims data using this formula is 19.2% and 12.9% credible for lifetime and non-lifetime benefits, respectively. The actual to expected ratio for lifetime benefits and non-lifetime benefits on a present value basis over the last five years is 72.8% and 15.9%. As such, incorporating credibility into the actual to expected calculation results in a 94.8% actual to expected adjustment to lifetime morbidity and a 89.1% actual to expected adjustment to non-lifetime morbidity calculated as $[(.192)*(.728) + (1-.192)*(1.00)] = 94.8\%$ and $[(.129)*(.159) + (1-.129)*(1.00)] = 89.1\%$, respectively. Rather than use these adjustment to future morbidity in all years, we have graded from the historical actual to expected to the credibility based actual to expected adjustments over a 5 year period for lifetime benefits and a 15 year period for non-lifetime benefits.
6. This business was sold to people on average in their early 50's, and the average age at claim is in the early 80's for the long term care insured population. Future experience will emerge differently from the original projections. This experience will be monitored going forward to refine estimates in any future filings, should they be necessary.
7. In Attachment 2, the policies with paid up status have been removed from the projections and historical experience. It includes moderately adverse conditions, premiums at Virginia rate levels, and uses average maximum valuation interest rate.
8. There are less than one percent of policies with inflations in this block. None of these policies are in Virginia. Therefore, the following experience is combined non-inflation and inflation.
 - a. Attachment 3 provides the nationwide projections based on current assumptions and at the current Virginia rate level (same as Attachment 2).

- b. Attachment 4 provides the nationwide projections based on current assumptions and at the current nationwide rate level.
 - c. Attachment 5 provides the nationwide projections based on current assumptions, at the current nationwide rate level and include paid up policies.
 - d. Attachment 6 provides the nationwide projections based on current assumptions, with the proposed rate increase and includes paid up policies.
 - e. There is no shock lapses assumed in the projections.
 - f. Attachment 7 provides the nationwide projections based on current assumptions, with the proposed rates assumed to be in effect since inception and include paid up policies.
 - g. Attachment 8 provides the nationwide projection based on original assumptions and original proposed rates are assumed to be in effect since inception and include paid up policies.
 - h. Attachment 9 provides nationwide actual past experience, and nationwide projection based on original pricing assumptions. This attachment also includes paid up policies.
9. As of 5/31/2018, the nationwide active life reserve is \$35,362,760 for Lifetime policies and \$17,638,556 for Non-Lifetime policies.

Once again, thank you for your continued time and consideration of this rate filing for American Fidelity Assurance Company.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Sharon Goodman', with a stylized, cursive script.

Sharon Goodman
Consulting Actuary
Wakely Actuarial
Palm Harbor, Florida

Enclosures

American Fidelity Assurance Company
Actuarial Justification for Rate Increase

Exhibit D - Lifetime Experience (Nationwide) - Revised 10/2018
Individual Educator-Total

Year	Original Earned Premium	Actual Earned Premium	Virginia Rate Level Earned Premium	Rate Increase	Virginia Rate Level Earned Premium w/Rate Increase***	Actual Incurred Claims	Loss Ratio	
	w/o Rate Increase*	w/o Rate Increase**					without Rate Increase	with Rate Increase
2003	180,423	180,423	180,423		180,423	0	0.0%	0.0%
2004	1,021,047	1,021,047	1,021,047		1,021,047	0	0.0%	0.0%
2005	2,030,329	2,030,329	2,030,329		2,030,329	0	0.0%	0.0%
2006	3,202,053	3,202,053	3,202,053		3,202,053	0	0.0%	0.0%
2007	4,596,999	4,596,999	4,596,999		4,596,999	200,405	4.4%	4.4%
2008	6,002,687	6,002,687	6,002,687		6,002,687	625,858	10.4%	10.4%
2009	7,454,251	7,454,251	7,454,251		7,454,251	8,777	0.1%	0.1%
2010	8,811,534	8,811,534	8,811,534		8,811,534	442,061	5.0%	5.0%
2011	9,917,099	9,917,099	9,917,099		9,917,099	106,583	1.1%	1.1%
2012	10,552,943	10,552,943	10,552,943		10,552,943	1,671,336	15.8%	15.8%
2013	10,344,202	10,344,202	10,344,202		10,344,202	541,215	5.2%	5.2%
2014	9,955,629	9,955,629	9,955,629		9,955,629	1,119,389	11.2%	11.2%
2015	9,766,250	9,766,250	9,766,250		9,766,250	630,014	6.5%	6.5%
2016	9,464,417	9,842,151	9,464,417		9,464,417	1,286,725	13.6%	13.6%
2017	9,222,285	10,438,606	9,222,285		9,222,285	1,269,691	13.8%	13.8%
Total	102,522,148	104,116,203	102,522,148		102,522,148	7,902,054	7.7%	7.7%
Acc @ 4.04%	128,434,138	130,075,640	128,434,138		128,434,138	9,327,505	7.3%	7.3%

Year	Projected Earned Premium at Original	Projected Earned Premium at Current Rates	Projected Earned Premium at Virginia Rate Level	Cumulative Rate Increase Factor	Projected Earned Premium w/Rate Increase	Projected Incurred Claims	Loss Ratio	
							without Rate Increase	with Rate Increase
2018	9,053,339	10,926,499	10,092,141	100%	10,092,141	1,853,831	18.4%	18.4%
2019	8,781,353	10,969,996	10,404,250	110%	11,415,180	2,296,515	22.1%	20.1%
2020	8,547,767	10,735,147	10,136,828	116%	11,720,591	2,743,047	27.1%	23.4%
2021	8,339,657	10,522,756	9,898,220	116%	11,451,589	3,281,233	33.1%	28.7%
2022	8,147,607	10,305,546	9,677,617	116%	11,202,528	3,815,451	39.4%	34.1%
2023	7,964,702	10,088,026	9,467,183	116%	10,964,656	4,371,235	46.2%	39.9%
2024	7,785,745	9,870,417	9,260,876	116%	10,731,090	5,025,676	54.3%	46.8%
2025	7,606,093	9,651,086	9,053,147	116%	10,495,377	5,781,914	63.9%	55.1%
2026	7,421,669	9,424,848	8,839,135	116%	10,251,876	6,634,875	75.1%	64.7%
2027	7,228,368	9,186,211	8,613,754	116%	9,994,522	7,591,378	88.1%	76.0%
2028	7,022,677	8,930,930	8,372,972	116%	9,718,766	8,644,079	103.2%	88.9%
2029	6,801,844	8,655,780	8,113,704	116%	9,421,191	9,778,473	120.5%	103.8%
2030	6,564,742	8,359,329	7,834,607	116%	9,100,239	10,975,590	140.1%	120.6%
2031	6,311,137	8,041,279	7,535,400	116%	8,755,581	12,226,610	162.3%	139.6%
2032	6,041,279	7,701,959	7,216,390	116%	8,387,584	13,433,720	186.2%	160.2%
2033	5,756,032	7,342,479	6,878,615	116%	7,997,456	14,495,535	210.7%	181.3%
2034	5,456,932	6,964,849	6,523,946	116%	7,587,404	15,505,333	237.7%	204.4%
2035	5,146,304	6,572,104	6,155,212	116%	7,160,757	16,439,999	267.1%	229.6%
2036	4,826,997	6,167,965	5,775,877	116%	6,721,595	17,281,637	299.2%	257.1%
2037	4,502,327	5,756,697	5,389,930	116%	6,274,573	18,012,204	334.2%	287.1%
2038	4,175,591	5,342,329	5,001,185	116%	5,824,026	18,612,104	372.2%	319.6%
2039	3,849,846	4,928,646	4,613,214	116%	5,374,038	19,064,573	413.3%	354.8%
2040	3,527,841	4,519,172	4,229,315	117%	4,928,450	19,346,001	457.4%	392.5%
2041	3,212,281	4,117,395	3,852,747	117%	4,491,078	19,423,395	504.1%	432.5%
2042	2,905,795	3,726,720	3,486,688	117%	4,065,645	19,305,060	553.7%	474.8%
2043	2,610,802	3,350,286	3,134,067	117%	3,655,588	18,976,625	605.5%	519.1%
2044	2,329,415	2,990,847	2,797,449	117%	3,263,924	18,443,624	659.3%	565.1%
2045	2,063,372	2,650,679	2,478,955	117%	2,893,153	17,712,271	714.5%	612.2%
2046	1,814,074	2,331,633	2,180,303	117%	2,545,311	16,818,212	771.4%	660.8%
2047	1,582,663	2,035,229	1,902,902	117%	2,222,074	15,772,538	828.9%	709.8%
2048	1,369,942	1,762,546	1,647,752	117%	1,924,636	14,618,130	887.2%	759.5%
2049	1,176,302	1,514,137	1,415,357	117%	1,653,615	13,384,677	945.7%	809.4%
2050	1,001,800	1,290,127	1,205,823	117%	1,409,165	12,094,232	1003.0%	858.3%
2051	846,181	1,090,239	1,018,879	117%	1,191,000	10,778,318	1057.9%	905.0%
2052	708,875	913,776	853,865	117%	998,370	9,485,375	1110.9%	950.1%
2053	589,035	759,674	709,781	117%	830,124	8,240,724	1161.0%	992.7%
2054	485,574	626,559	585,336	117%	684,766	7,069,748	1207.8%	1032.4%
2055	397,197	512,789	478,991	117%	560,512	6,008,866	1254.5%	1072.0%
2056	322,468	416,537	389,032	117%	455,374	5,057,061	1299.9%	1110.5%
2057	259,899	335,910	313,685	117%	367,292	4,216,232	1344.1%	1147.9%
2058	208,010	269,014	251,177	117%	294,199	3,479,286	1385.2%	1182.6%
2059	165,376	214,025	199,800	117%	234,109	2,852,977	1427.9%	1218.7%
2060	130,676	169,246	157,969	117%	185,170	2,325,297	1472.0%	1255.8%
2061	102,674	133,092	124,198	117%	145,650	1,884,908	1517.7%	1294.1%

2062	80,244	104,109	97,131	117%	113,962	1,515,780	1560.6%	1330.1%
2063	62,391	81,021	75,574	117%	88,712	1,211,349	1602.9%	1365.5%
2064	48,267	62,735	58,504	117%	68,707	958,827	1638.9%	1395.5%
2065	37,155	48,329	45,062	117%	52,942	753,764	1672.7%	1423.8%
2066	28,452	37,030	34,522	118%	40,572	590,772	1711.3%	1456.1%
2067	21,664	28,204	26,292	118%	30,904	460,784	1752.6%	1491.0%
2068	16,391	21,336	19,890	118%	23,378	357,835	1799.0%	1530.6%
2069	12,310	16,014	14,931	117%	17,543	275,811	1847.3%	1572.2%
2070	9,167	11,911	11,109	117%	13,044	208,359	1875.6%	1597.4%
2071	6,767	8,774	8,187	117%	9,603	155,635	1900.9%	1620.7%
2072	4,949	6,399	5,975	117%	6,997	115,157	1927.3%	1645.7%
2073	3,586	4,619	4,317	117%	5,045	84,439	1956.1%	1673.6%
2074	2,573	3,299	3,087	117%	3,598	61,401	1989.3%	1706.6%
2075	1,829	2,329	2,183	116%	2,536	44,229	2026.2%	1744.1%
2076	1,286	1,626	1,526	116%	1,766	31,509	2064.3%	1784.6%
2077	896	1,121	1,055	115%	1,214	22,214	2104.8%	1829.2%
2078	618	765	722	114%	825	15,559	2155.8%	1885.6%
2079	423	516	489	113%	555	10,610	2170.5%	1912.9%
2080	287	345	328	112%	369	7,146	2177.1%	1935.6%
2081	194	229	219	111%	244	4,781	2182.1%	1959.4%
2082	131	152	146	110%	161	3,187	2181.5%	1979.4%
2083	88	101	97	109%	106	2,129	2190.7%	2009.2%
2084	59	67	64	108%	69	1,412	2192.8%	2032.0%
2085	39	44	42	107%	45	929	2196.3%	2054.4%
2086	26	28	28	106%	29	606	2196.5%	2070.4%
2087	17	18	18	105%	19	390	2197.1%	2083.3%
2088	11	12	11	105%	12	248	2194.7%	2088.8%
2089	7	7	7	105%	7	152	2168.7%	2069.6%
2090	4	4	4	105%	5	92	2144.1%	2047.9%
2091	2	3	3	104%	3	54	2146.0%	2056.7%
2092	1	1	1	104%	2	93	6330.8%	6081.7%
Total	175,482,094	222,615,656	208,679,796		240,124,941	472,053,826	226.2%	196.6%
Disc @ 4.04%	113,205,449	143,120,257	134,214,192		153,566,293	204,152,853	152.1%	132.9%
Lifetime @ 4.04%	241,639,587	273,195,897	262,648,330		282,000,431	213,480,358	81.3%	75.7%

American Fidelity Assurance Company
Actuarial Justification for Rate Increase

Exhibit D - Lifetime Experience (Nationwide) - Revised 10/2018
Individual Educator - Lifetime Benefit Period

Year	Original Earned Premium w/o Rate Increase*	Actual Earned Premium w/o Rate Increase**	Virginia Rate Level Earned Premium	Rate Increase	Virginia Rate Level Earned Premium w/Rate Increase***	Actual Incurred Claims	Loss Ratio without Rate Increase	with Rate Increase
2003	139,807	139,807	139,807		139,807	0	0.0%	0.0%
2004	795,491	795,491	795,491		795,491	0	0.0%	0.0%
2005	1,589,788	1,589,788	1,589,788		1,589,788	0	0.0%	0.0%
2006	2,486,560	2,486,560	2,486,560		2,486,560	0	0.0%	0.0%
2007	3,541,956	3,541,956	3,541,956		3,541,956	200,405	5.7%	5.7%
2008	4,628,496	4,628,496	4,628,496		4,628,496	625,858	13.5%	13.5%
2009	5,735,242	5,735,242	5,735,242		5,735,242	1,260	0.0%	0.0%
2010	6,736,357	6,736,357	6,736,357		6,736,357	442,061	6.6%	6.6%
2011	6,982,660	6,982,660	6,982,660		6,982,660	8,571	0.1%	0.1%
2012	6,704,003	6,704,003	6,704,003		6,704,003	1,604,876	23.9%	23.9%
2013	6,473,360	6,473,360	6,473,360		6,473,360	432,421	6.7%	6.7%
2014	6,284,190	6,284,190	6,284,190		6,284,190	1,092,157	17.4%	17.4%
2015	6,186,220	6,186,220	6,186,220		6,186,220	595,931	9.6%	9.6%
2016	5,854,274	6,232,009	5,854,274		5,854,274	1,096,227	18.7%	18.7%
2017	5,606,469	6,822,790	5,606,469		5,606,469	885,739	15.8%	15.8%
Total	69,744,874	71,338,929	69,744,874		69,744,874	6,985,507	10.0%	10.0%
Acc @ 4.04%	88,428,112	90,069,614	88,428,112		88,428,112	8,314,837	9.4%	9.4%

Year	Projected Earned Premium at Original	Projected Earned Premium at Current Rates	Projected Earned Premium at Virginia Rate Level	Cumulative Rate Increase Factor	Projected Earned Premium w/Rate Increase	Projected Incurred Claims	Loss Ratio without Rate Increase	with Rate Increase
2018	5,540,281	7,413,441	6,579,084	100%	6,579,084	1,653,737	25.1%	25.1%
2019	5,409,658	7,598,302	7,032,556	114%	8,043,486	2,027,292	28.8%	25.2%
2020	5,296,869	7,484,249	6,885,929	123%	8,469,693	2,392,117	34.7%	28.2%
2021	5,195,212	7,378,310	6,753,775	123%	8,307,143	2,831,230	41.9%	34.1%
2022	5,100,035	7,257,975	6,630,046	123%	8,154,956	3,245,013	48.9%	39.8%
2023	5,008,271	7,131,595	6,510,753	123%	8,008,226	3,655,583	56.1%	45.6%
2024	4,917,103	7,001,775	6,392,234	123%	7,862,448	4,135,872	64.7%	52.6%
2025	4,823,512	6,868,505	6,270,566	123%	7,712,796	4,684,706	74.7%	60.7%
2026	4,724,887	6,728,066	6,142,353	123%	7,555,094	5,298,066	86.3%	70.1%
2027	4,617,953	6,575,796	6,003,339	123%	7,384,107	5,975,318	99.5%	80.9%
2028	4,500,984	6,409,236	5,851,279	123%	7,197,073	6,709,923	114.7%	93.2%
2029	4,372,866	6,226,801	5,684,726	123%	6,992,213	7,490,839	131.8%	107.1%
2030	4,232,883	6,027,471	5,502,748	123%	6,768,380	8,302,887	150.9%	122.7%
2031	4,080,875	5,811,017	5,305,137	123%	6,525,319	9,141,635	172.3%	140.1%
2032	3,917,036	5,577,715	5,092,146	123%	6,263,340	9,979,647	196.0%	159.3%
2033	3,741,943	5,328,390	4,864,526	123%	5,983,366	10,790,917	221.8%	180.3%
2034	3,556,715	5,064,633	4,623,730	123%	5,687,188	11,559,526	250.0%	203.3%
2035	3,363,027	4,788,828	4,371,935	123%	5,377,481	12,269,019	280.6%	228.2%
2036	3,162,935	4,503,904	4,111,815	123%	5,057,533	12,906,976	313.9%	255.2%
2037	2,958,674	4,213,044	3,846,277	123%	4,730,920	13,461,593	350.0%	284.5%
2038	2,751,979	3,918,718	3,577,573	123%	4,400,415	13,920,301	389.1%	316.3%
2039	2,544,561	3,623,362	3,307,929	123%	4,068,753	14,270,485	431.4%	350.7%
2040	2,338,244	3,329,574	3,039,717	123%	3,738,853	14,493,840	476.8%	387.7%
2041	2,134,885	3,039,999	2,775,351	123%	3,413,682	14,569,022	524.9%	426.8%
2042	1,936,310	2,757,234	2,517,202	123%	3,096,159	14,492,025	575.7%	468.1%
2043	1,744,218	2,483,702	2,267,483	123%	2,789,004	14,256,690	628.7%	511.2%
2044	1,560,116	2,221,548	2,028,150	123%	2,494,625	13,868,564	683.8%	555.9%
2045	1,385,277	1,972,584	1,800,860	123%	2,215,058	13,331,478	740.3%	601.9%
2046	1,220,764	1,738,324	1,586,993	123%	1,952,002	12,672,831	798.5%	649.2%
2047	1,067,464	1,520,030	1,387,704	123%	1,706,876	11,897,994	857.4%	697.1%
2048	926,033	1,318,637	1,203,843	123%	1,480,726	11,027,413	916.0%	744.7%
2049	796,851	1,134,686	1,035,906	123%	1,274,164	10,090,002	974.0%	791.9%
2050	680,076	968,404	884,099	123%	1,087,442	9,103,213	1029.7%	837.1%
2051	575,657	819,715	748,355	123%	920,476	8,097,429	1082.0%	879.7%
2052	483,297	688,198	628,287	123%	772,793	7,112,619	1132.1%	920.4%
2053	402,485	573,124	523,230	123%	643,573	6,170,240	1179.3%	958.7%
2054	332,540	473,525	432,303	123%	531,732	5,286,155	1222.8%	994.1%
2055	272,645	388,237	354,439	123%	435,960	4,491,574	1267.2%	1030.3%
2056	221,881	315,951	288,446	123%	354,788	3,780,431	1310.6%	1065.5%
2057	179,287	255,298	233,073	123%	286,680	3,153,480	1353.0%	1100.0%
2058	143,890	204,893	187,056	123%	230,079	2,606,704	1393.5%	1133.0%
2059	114,746	163,395	149,170	123%	183,479	2,142,556	1436.3%	1167.7%
2060	90,976	129,546	118,268	123%	145,470	1,751,561	1481.0%	1204.1%
2061	71,745	102,163	93,269	123%	114,721	1,424,830	1527.7%	1242.0%
2062	56,291	80,156	73,178	123%	90,009	1,149,539	1570.9%	1277.1%
2063	43,942	62,571	57,124	123%	70,263	921,179	1612.6%	1311.1%
2064	34,124	48,591	44,361	123%	54,564	730,117	1645.8%	1338.1%

2065	26,356	37,529	34,262	123%	42,142	573,310	1673.3%	1360.4%
2066	20,233	28,810	26,302	123%	32,352	448,119	1703.7%	1385.1%
2067	15,425	21,964	20,052	123%	24,664	347,625	1733.6%	1409.4%
2068	11,665	16,611	15,165	123%	18,653	267,414	1763.4%	1433.7%
2069	8,737	12,441	11,358	123%	13,971	203,120	1788.3%	1453.9%
2070	6,471	9,215	8,413	123%	10,348	151,546	1801.4%	1464.5%
2071	4,735	6,743	6,156	123%	7,571	111,160	1805.8%	1468.1%
2072	3,420	4,870	4,446	123%	5,469	80,381	1807.9%	1469.8%
2073	2,437	3,470	3,168	123%	3,896	57,250	1807.4%	1469.4%
2074	1,710	2,435	2,223	123%	2,735	40,091	1803.3%	1466.1%
2075	1,181	1,681	1,535	123%	1,888	27,608	1798.9%	1462.5%
2076	800	1,139	1,040	123%	1,279	18,642	1792.1%	1457.0%
2077	532	757	691	123%	850	12,327	1783.1%	1449.7%
2078	346	493	450	123%	553	7,966	1771.3%	1440.1%
2079	220	313	286	123%	352	5,019	1753.7%	1425.8%
2080	137	195	178	123%	219	3,087	1734.2%	1409.9%
2081	83	119	108	123%	133	1,852	1710.6%	1390.7%
2082	50	71	65	123%	80	1,088	1677.2%	1363.6%
2083	29	42	38	123%	47	627	1641.6%	1334.6%
2084	17	24	22	123%	27	355	1602.9%	1303.2%
2085	10	14	13	123%	16	199	1566.7%	1273.7%
2086	6	8	7	123%	9	112	1532.6%	1246.0%
2087	3	5	4	123%	5	64	1505.4%	1223.9%
2088	2	3	2	123%	3	37	1465.9%	1191.8%
2089	1	2	1	123%	2	20	1342.9%	1091.8%
2090	1	1	1	123%	1	11	1263.1%	1026.9%
2091	0	1	0	123%	1	6	1230.0%	1000.0%
2092	0	0	0	123%	0	13	5160.2%	4195.3%
Total	112,736,611	159,870,173	145,934,313		177,379,457	357,683,215	245.1%	201.6%
Disc @ 4.04%	72,066,011	101,980,819	93,074,754		112,426,856	156,023,941	167.6%	138.8%
Lifetime @ 4.04%	160,494,123	192,050,433	181,502,866		200,854,968	164,338,778	90.5%	81.8%

American Fidelity Assurance Company
Actuarial Justification for Rate Increase

Exhibit D - Lifetime Experience (Nationwide) - Revised 10/2018
Individual Educator - Non-Lifetime Benefit Period

Year	Original Earned Premium w/o Rate Increase*	Actual Earned Premium w/o Rate Increase**	Virginia Rate Level Earned Premium	Rate Increase	Virginia Rate Level Earned Premium w/Rate Increase***	Actual Incurred Claims	Loss Ratio without Rate Increase	with Rate Increase
2003	40,616	40,616	40,616		40,616	0	0.0%	0.0%
2004	225,556	225,556	225,556		225,556	0	0.0%	0.0%
2005	440,541	440,541	440,541		440,541	0	0.0%	0.0%
2006	715,493	715,493	715,493		715,493	0	0.0%	0.0%
2007	1,055,043	1,055,043	1,055,043		1,055,043	0	0.0%	0.0%
2008	1,374,191	1,374,191	1,374,191		1,374,191	0	0.0%	0.0%
2009	1,719,009	1,719,009	1,719,009		1,719,009	7,517	0.4%	0.4%
2010	2,075,177	2,075,177	2,075,177		2,075,177	0	0.0%	0.0%
2011	2,934,439	2,934,439	2,934,439		2,934,439	98,011	3.3%	3.3%
2012	3,848,940	3,848,940	3,848,940		3,848,940	66,460	1.7%	1.7%
2013	3,870,842	3,870,842	3,870,842		3,870,842	108,794	2.8%	2.8%
2014	3,671,439	3,671,439	3,671,439		3,671,439	27,232	0.7%	0.7%
2015	3,580,030	3,580,030	3,580,030		3,580,030	34,083	1.0%	1.0%
2016	3,610,142	3,610,142	3,610,142		3,610,142	190,498	5.3%	5.3%
2017	3,615,817	3,615,817	3,615,817		3,615,817	383,952	10.6%	10.6%
Total	32,777,274	32,777,274	32,777,274		32,777,274	916,547	2.8%	2.8%
Acc @ 4.04%	40,006,026	40,006,026	40,006,026		40,006,026	1,012,668	2.5%	2.5%

Year	Projected Earned Premium at Original	Projected Earned Premium at Current Rates	Projected Earned Premium at Virginia Rate Level	Cumulative Rate Increase Factor	Projected Earned Premium w/Rate Increase	Projected Incurred Claims	Loss Ratio without Rate Increase	with Rate Increase
2018	3,513,058	3,513,058	3,513,058	100%	3,513,058	200,094	5.7%	5.7%
2019	3,371,694	3,371,694	3,371,694	100%	3,371,694	269,223	8.0%	8.0%
2020	3,250,898	3,250,898	3,250,898	100%	3,250,898	350,930	10.8%	10.8%
2021	3,144,445	3,144,445	3,144,445	100%	3,144,445	450,003	14.3%	14.3%
2022	3,047,571	3,047,571	3,047,571	100%	3,047,571	570,437	18.7%	18.7%
2023	2,956,430	2,956,430	2,956,430	100%	2,956,430	715,652	24.2%	24.2%
2024	2,868,642	2,868,642	2,868,642	100%	2,868,642	889,804	31.0%	31.0%
2025	2,782,581	2,782,581	2,782,581	100%	2,782,581	1,097,208	39.4%	39.4%
2026	2,696,782	2,696,782	2,696,782	100%	2,696,782	1,336,809	49.6%	49.6%
2027	2,610,415	2,610,415	2,610,415	100%	2,610,415	1,616,060	61.9%	61.9%
2028	2,521,694	2,521,694	2,521,694	100%	2,521,694	1,934,156	76.7%	76.7%
2029	2,428,978	2,428,978	2,428,978	100%	2,428,978	2,287,633	94.2%	94.2%
2030	2,331,858	2,331,858	2,331,858	100%	2,331,858	2,672,703	114.6%	114.6%
2031	2,230,262	2,230,262	2,230,262	100%	2,230,262	3,084,975	138.3%	138.3%
2032	2,124,244	2,124,244	2,124,244	100%	2,124,244	3,454,073	162.6%	162.6%
2033	2,014,089	2,014,089	2,014,089	100%	2,014,089	3,704,618	183.9%	183.9%
2034	1,900,216	1,900,216	1,900,216	100%	1,900,216	3,945,807	207.7%	207.7%
2035	1,783,277	1,783,277	1,783,277	100%	1,783,277	4,170,980	233.9%	233.9%
2036	1,664,062	1,664,062	1,664,062	100%	1,664,062	4,374,660	262.9%	262.9%
2037	1,543,653	1,543,653	1,543,653	100%	1,543,653	4,550,610	294.8%	294.8%
2038	1,423,612	1,423,612	1,423,612	100%	1,423,612	4,691,803	329.6%	329.6%
2039	1,305,285	1,305,285	1,305,285	100%	1,305,285	4,794,088	367.3%	367.3%
2040	1,189,597	1,189,597	1,189,597	100%	1,189,597	4,852,161	407.9%	407.9%
2041	1,077,396	1,077,396	1,077,396	100%	1,077,396	4,854,373	450.6%	450.6%
2042	969,486	969,486	969,486	100%	969,486	4,813,035	496.5%	496.5%
2043	866,584	866,584	866,584	100%	866,584	4,719,935	544.7%	544.7%
2044	769,299	769,299	769,299	100%	769,299	4,575,060	594.7%	594.7%
2045	678,095	678,095	678,095	100%	678,095	4,380,794	646.0%	646.0%
2046	593,309	593,309	593,309	100%	593,309	4,145,381	698.7%	698.7%
2047	515,198	515,198	515,198	100%	515,198	3,874,544	752.0%	752.0%
2048	443,909	443,909	443,909	100%	443,909	3,590,717	808.9%	808.9%
2049	379,451	379,451	379,451	100%	379,451	3,294,675	868.3%	868.3%
2050	321,723	321,723	321,723	100%	321,723	2,991,018	929.7%	929.7%
2051	270,524	270,524	270,524	100%	270,524	2,680,890	991.0%	991.0%
2052	225,578	225,578	225,578	100%	225,578	2,372,756	1051.9%	1051.9%
2053	186,550	186,550	186,550	100%	186,550	2,070,484	1109.9%	1109.9%
2054	153,034	153,034	153,034	100%	153,034	1,783,593	1165.5%	1165.5%
2055	124,552	124,552	124,552	100%	124,552	1,517,293	1218.2%	1218.2%
2056	100,586	100,586	100,586	100%	100,586	1,276,630	1269.2%	1269.2%
2057	80,612	80,612	80,612	100%	80,612	1,062,752	1318.4%	1318.4%
2058	64,120	64,120	64,120	100%	64,120	872,582	1360.9%	1360.9%
2059	50,630	50,630	50,630	100%	50,630	710,421	1403.2%	1403.2%
2060	39,700	39,700	39,700	100%	39,700	573,737	1445.2%	1445.2%

2061	30,929	30,929	30,929	100%	30,929	460,078	1487.5%	1487.5%
2062	23,953	23,953	23,953	100%	23,953	366,241	1529.0%	1529.0%
2063	18,450	18,450	18,450	100%	18,450	290,170	1572.8%	1572.8%
2064	14,143	14,143	14,143	100%	14,143	228,709	1617.1%	1617.1%
2065	10,799	10,799	10,799	100%	10,799	180,454	1671.0%	1671.0%
2066	8,220	8,220	8,220	100%	8,220	142,653	1735.5%	1735.5%
2067	6,240	6,240	6,240	100%	6,240	113,159	1813.5%	1813.5%
2068	4,726	4,726	4,726	100%	4,726	90,422	1913.4%	1913.4%
2069	3,572	3,572	3,572	100%	3,572	72,691	2034.8%	2034.8%
2070	2,696	2,696	2,696	100%	2,696	56,813	2107.3%	2107.3%
2071	2,032	2,032	2,032	100%	2,032	44,475	2189.2%	2189.2%
2072	1,529	1,529	1,529	100%	1,529	34,776	2274.7%	2274.7%
2073	1,149	1,149	1,149	100%	1,149	27,190	2365.7%	2365.7%
2074	863	863	863	100%	863	21,310	2468.4%	2468.4%
2075	648	648	648	100%	648	16,621	2564.3%	2564.3%
2076	486	486	486	100%	486	12,867	2646.9%	2646.9%
2077	364	364	364	100%	364	9,887	2715.8%	2715.8%
2078	272	272	272	100%	272	7,594	2791.5%	2791.5%
2079	203	203	203	100%	203	5,591	2759.3%	2759.3%
2080	150	150	150	100%	150	4,059	2701.6%	2701.6%
2081	111	111	111	100%	111	2,929	2642.7%	2642.7%
2082	81	81	81	100%	81	2,099	2584.3%	2584.3%
2083	59	59	59	100%	59	1,503	2546.0%	2546.0%
2084	42	42	42	100%	42	1,057	2501.9%	2501.9%
2085	30	30	30	100%	30	730	2466.4%	2466.4%
2086	20	20	20	100%	20	494	2435.8%	2435.8%
2087	14	14	14	100%	14	327	2412.5%	2412.5%
2088	9	9	9	100%	9	212	2400.7%	2400.7%
2089	6	6	6	100%	6	133	2385.7%	2385.7%
2090	3	3	3	100%	3	81	2370.0%	2370.0%
2091	2	2	2	100%	2	48	2358.9%	2358.9%
2092	1	1	1	100%	1	79	6584.5%	6584.5%
Total	62,745,483	62,745,483	62,745,483		62,745,483	114,370,610	182.3%	182.3%
Disc @ 4.04%	41,139,437	41,139,437	41,139,437		41,139,437	48,128,912	117.0%	117.0%
Lifetime @ 4.04%	81,145,464	81,145,464	81,145,464		81,145,464	49,141,579	60.6%	60.6%

American Fidelity Assurance Company
Actuarial Justification for Rate Increase

Exhibit D - Lifetime Experience (Virginia) - Revised 10/2018
Individual Educator-Total

Year	Original Earned Premium	Actual Earned Premium	Virginia Rate Level Earned Premium	Rate Increase	Virginia Rate Level Earned Premium	Actual Incurred Claims	Loss Ratio	
	w/o Rate Increase*	w/o Rate Increase**			w/Rate Increase***		without Rate Increase	with Rate Increase
2003	0	0	0		0	0	0.0%	0.0%
2004	2,852	2,852	2,852		2,852	0	0.0%	0.0%
2005	18,239	18,239	18,239		18,239	0	0.0%	0.0%
2006	28,123	28,123	28,123		28,123	0	0.0%	0.0%
2007	52,773	52,773	52,773		52,773	0	0.0%	0.0%
2008	68,565	68,565	68,565		68,565	0	0.0%	0.0%
2009	110,261	110,261	110,261		110,261	0	0.0%	0.0%
2010	146,795	146,795	146,795		146,795	3,357	2.3%	2.3%
2011	167,817	167,817	167,817		167,817	0	0.0%	0.0%
2012	162,957	162,957	162,957		162,957	0	0.0%	0.0%
2013	159,640	159,640	159,640		159,640	0	0.0%	0.0%
2014	149,030	149,030	149,030		149,030	0	0.0%	0.0%
2015	136,622	136,622	136,622		136,622	0	0.0%	0.0%
2016	134,001	134,001	134,001		134,001	22	0.0%	0.0%
2017	128,449	128,449	128,449		128,449	2,012	1.6%	1.6%
Total	1,466,126	1,466,126	1,466,126		1,466,126	5,391	0.4%	0.4%
Acc @ 4.04%	1,816,714	1,816,714	1,816,714		1,816,714	6,594	0.4%	0.4%

Year	Projected Earned Premium at Original	Projected Earned Premium at Current Rates	Projected Earned Premium at Virginia Rate Level	Cumulative Rate Increase Factor	Projected Earned Premium w/Rate Increase	Projected Incurred Claims	Loss Ratio	
							without Rate Increase	with Rate Increase
2018	126,239	139,942	139,942	100%	139,942	21,936	15.7%	15.7%
2019	122,415	143,824	143,824	109%	157,160	28,190	19.6%	17.9%
2020	119,161	140,124	140,124	115%	161,016	33,469	23.9%	20.8%
2021	116,292	136,852	136,852	115%	157,344	39,806	29.1%	25.3%
2022	113,670	133,854	133,854	115%	153,970	46,115	34.5%	30.0%
2023	111,203	131,024	131,024	115%	150,778	52,675	40.2%	34.9%
2024	108,819	128,279	128,279	115%	147,673	60,284	47.0%	40.8%
2025	106,456	125,545	125,545	115%	144,571	69,156	55.1%	47.8%
2026	104,053	122,752	122,752	115%	141,389	79,287	64.6%	56.1%
2027	101,539	119,814	119,814	115%	138,029	90,946	75.9%	65.9%
2028	98,870	116,683	116,683	115%	134,437	104,088	89.2%	77.4%
2029	96,005	113,311	113,311	115%	130,559	118,527	104.6%	90.8%
2030	92,919	109,671	109,671	115%	126,367	134,210	122.4%	106.2%
2031	89,603	105,753	105,753	115%	121,850	151,132	142.9%	124.0%
2032	86,054	101,556	101,556	115%	117,006	167,727	165.2%	143.3%
2033	82,278	97,087	97,087	115%	111,847	182,455	187.9%	163.1%
2034	78,291	92,367	92,367	115%	106,396	196,659	212.9%	184.8%
2035	74,121	87,430	87,430	115%	100,695	209,710	239.9%	208.3%
2036	69,808	82,326	82,326	115%	94,802	221,243	268.7%	233.4%
2037	65,398	77,107	77,107	115%	88,777	231,355	300.0%	260.6%
2038	60,931	71,822	71,822	115%	82,677	239,886	334.0%	290.1%
2039	56,448	66,518	66,518	115%	76,555	246,422	370.5%	321.9%
2040	51,986	61,239	61,239	115%	70,462	251,439	410.6%	356.8%
2041	47,580	56,029	56,029	115%	64,449	254,430	454.1%	394.8%
2042	43,266	50,929	50,929	115%	58,567	255,432	501.5%	436.1%
2043	39,079	45,982	45,982	115%	52,861	253,972	552.3%	480.4%
2044	35,049	41,223	41,223	115%	47,377	249,370	604.9%	526.4%
2045	31,206	36,689	36,689	115%	42,153	241,747	658.9%	573.5%
2046	27,576	32,407	32,407	115%	37,223	231,748	715.1%	622.6%
2047	24,180	28,405	28,405	115%	32,615	219,011	771.0%	671.5%
2048	21,035	24,700	24,700	115%	28,353	204,090	826.3%	719.8%
2049	18,152	21,305	21,305	115%	24,448	187,617	880.6%	767.4%
2050	15,534	18,225	18,225	115%	20,908	170,029	932.9%	813.2%
2051	13,183	15,461	15,461	115%	17,732	151,648	980.8%	855.2%
2052	11,094	13,007	13,007	115%	14,913	133,760	1028.4%	896.9%
2053	9,258	10,850	10,850	115%	12,438	116,652	1075.1%	937.9%
2054	7,661	8,977	8,977	115%	10,288	100,686	1121.6%	978.6%
2055	6,287	7,366	7,366	115%	8,441	86,469	1173.9%	1024.4%
2056	5,117	5,995	5,995	115%	6,871	73,855	1231.8%	1074.9%
2057	4,133	4,842	4,842	115%	5,549	62,563	1292.1%	1127.4%
2058	3,311	3,881	3,881	115%	4,448	52,530	1353.6%	1180.9%
2059	2,633	3,087	3,087	115%	3,539	43,433	1407.1%	1227.1%
2060	2,077	2,437	2,437	115%	2,796	35,288	1447.7%	1262.0%
2061	1,628	1,911	1,911	115%	2,194	28,448	1488.2%	1296.3%

2062	1,266	1,489	1,489	115%	1,711	22,718	1526.0%	1327.9%
2063	977	1,151	1,151	115%	1,325	18,028	1565.9%	1361.0%
2064	748	883	883	115%	1,018	14,052	1590.9%	1380.5%
2065	567	671	671	115%	775	10,810	1609.8%	1394.0%
2066	425	505	505	116%	585	8,224	1627.1%	1405.2%
2067	316	377	377	116%	437	6,180	1641.2%	1412.9%
2068	231	278	278	117%	324	4,599	1656.7%	1421.2%
2069	168	202	202	117%	237	3,376	1668.4%	1425.6%
2070	120	146	146	118%	171	2,436	1671.9%	1422.6%
2071	85	104	104	118%	122	1,729	1669.0%	1414.1%
2072	59	73	73	119%	86	1,212	1664.9%	1404.6%
2073	41	51	51	119%	60	839	1659.8%	1394.7%
2074	28	35	35	119%	41	572	1652.3%	1382.9%
2075	19	23	23	120%	28	385	1645.3%	1372.1%
2076	12	16	16	120%	19	255	1636.5%	1360.4%
2077	8	10	10	121%	12	165	1626.2%	1348.2%
2078	5	7	7	121%	8	105	1615.1%	1335.8%
2079	3	4	4	121%	5	66	1598.2%	1319.4%
2080	2	3	3	121%	3	40	1581.0%	1303.2%
2081	1	2	2	121%	2	24	1561.0%	1285.0%
2082	1	1	1	122%	1	14	1533.5%	1261.6%
2083	0	1	1	121%	1	8	1497.9%	1234.2%
2084	0	0	0	121%	0	5	1459.0%	1204.8%
2085	0	0	0	121%	0	3	1414.6%	1171.7%
2086	0	0	0	121%	0	1	1378.9%	1139.1%
2087	0	0	0	122%	0	1	1369.8%	1123.8%
2088	0	0	0	122%	0	0	1332.7%	1096.7%
2089	0	0	0	121%	0	0	1223.2%	1011.3%
2090	0	0	0	120%	0	0	1119.4%	932.5%
2091	0	0	0	123%	0	0	1122.9%	912.9%
2092	0	0	0	123%	0	0	4711.0%	3830.1%
Total	2,506,683	2,944,621	2,944,621		3,359,441	6,225,342	211.4%	185.3%
Disc @ 4.04%	1,603,151	1,880,295	1,880,295		2,135,584	2,637,523	140.3%	123.5%
Lifetime @ 4.04%	3,419,865	3,697,009	3,697,009		3,952,298	2,644,117	71.5%	66.9%

American Fidelity Assurance Company
Actuarial Justification for Rate Increase

Exhibit D - Lifetime Experience (Virginia) - Revised 10/2018
Individual Educator - Lifetime Benefit Period

Year	Original Earned Premium w/o Rate Increase*	Actual Earned Premium w/o Rate Increase**	Virginia Rate Level Earned Premium	Rate Increase	Virginia Rate Level Earned Premium w/Rate Increase***	Actual Incurred Claims	Loss Ratio	
							without Rate Increase	with Rate Increase
2003	0	0	0		0	0	0.0%	0.0%
2004	2,733	2,733	2,733		2,733	0	0.0%	0.0%
2005	17,800	17,800	17,800		17,800	0	0.0%	0.0%
2006	25,721	25,721	25,721		25,721	0	0.0%	0.0%
2007	42,940	42,940	42,940		42,940	0	0.0%	0.0%
2008	53,844	53,844	53,844		53,844	0	0.0%	0.0%
2009	81,048	81,048	81,048		81,048	0	0.0%	0.0%
2010	96,806	96,806	96,806		96,806	3,357	3.5%	3.5%
2011	100,633	100,633	100,633		100,633	0	0.0%	0.0%
2012	87,072	87,072	87,072		87,072	0	0.0%	0.0%
2013	81,924	81,924	81,924		81,924	0	0.0%	0.0%
2014	76,657	76,657	76,657		76,657	0	0.0%	0.0%
2015	72,202	72,202	72,202		72,202	0	0.0%	0.0%
2016	73,451	73,451	73,451		73,451	14	0.0%	0.0%
2017	73,960	73,960	73,960		73,960	1,315	1.8%	1.8%
Total	886,792	886,792	886,792		886,792	4,686	0.5%	0.5%
Acc @ 4.04%	1,119,233	1,119,233	1,119,233		1,119,233	5,874	0.5%	0.5%

Year	Projected Earned Premium at Original	Projected Earned Premium at Current Rates	Projected Earned Premium at Virginia Rate Level	Cumulative Rate Increase Factor	Projected Earned Premium w/Rate Increase	Projected Incurred Claims	Loss Ratio	
							without Rate Increase	with Rate Increase
2018	73,087	86,790	86,790	100%	86,790	19,361	22.3%	22.3%
2019	71,363	92,772	92,772	114%	106,108	24,752	26.7%	23.3%
2020	69,875	90,838	90,838	123%	111,731	29,034	32.0%	26.0%
2021	68,534	89,095	89,095	123%	109,587	34,188	38.4%	31.2%
2022	67,279	87,463	87,463	123%	107,579	39,104	44.7%	36.3%
2023	66,068	85,889	85,889	123%	105,643	44,026	51.3%	41.7%
2024	64,866	84,325	84,325	123%	103,720	49,810	59.1%	48.0%
2025	63,631	82,720	82,720	123%	101,746	56,420	68.2%	55.5%
2026	62,330	81,029	81,029	123%	99,666	63,807	78.7%	64.0%
2027	60,919	79,195	79,195	123%	97,410	71,963	90.9%	73.9%
2028	59,376	77,189	77,189	123%	94,943	80,810	104.7%	85.1%
2029	57,686	74,992	74,992	123%	92,240	90,215	120.3%	97.8%
2030	55,840	72,591	72,591	123%	89,287	99,995	137.8%	112.0%
2031	53,834	69,985	69,985	123%	86,081	110,097	157.3%	127.9%
2032	51,673	67,175	67,175	123%	82,625	120,189	178.9%	145.5%
2033	49,363	64,172	64,172	123%	78,932	129,960	202.5%	164.6%
2034	46,920	60,996	60,996	123%	75,024	139,216	228.2%	185.6%
2035	44,365	57,674	57,674	123%	70,939	147,761	256.2%	208.3%
2036	41,725	54,242	54,242	123%	66,718	155,444	286.6%	233.0%
2037	39,030	50,739	50,739	123%	62,410	162,124	319.5%	259.8%
2038	36,304	47,195	47,195	123%	58,050	167,648	355.2%	288.8%
2039	33,567	43,638	43,638	123%	53,674	171,865	393.8%	320.2%
2040	30,846	40,099	40,099	123%	49,322	174,555	435.3%	353.9%
2041	28,163	36,612	36,612	123%	45,033	175,461	479.2%	389.6%
2042	25,543	33,207	33,207	123%	40,844	174,534	525.6%	427.3%
2043	23,009	29,912	29,912	123%	36,792	171,699	574.0%	466.7%
2044	20,581	26,755	26,755	123%	32,909	167,025	624.3%	507.5%
2045	18,274	23,757	23,757	123%	29,221	160,557	675.8%	549.5%
2046	16,104	20,935	20,935	123%	25,750	152,624	729.0%	592.7%
2047	14,082	18,306	18,306	123%	22,517	143,293	782.7%	636.4%
2048	12,216	15,881	15,881	123%	19,534	132,808	836.3%	679.9%
2049	10,512	13,666	13,666	123%	16,809	121,518	889.2%	723.0%
2050	8,971	11,663	11,663	123%	14,345	109,634	940.0%	764.2%
2051	7,594	9,872	9,872	123%	12,143	97,521	987.8%	803.1%
2052	6,376	8,288	8,288	123%	10,195	85,660	1033.5%	840.3%
2053	5,310	6,902	6,902	123%	8,490	74,311	1076.6%	875.3%
2054	4,387	5,703	5,703	123%	7,015	63,663	1116.3%	907.6%
2055	3,597	4,676	4,676	123%	5,751	54,094	1156.9%	940.6%
2056	2,927	3,805	3,805	123%	4,680	45,529	1196.5%	972.8%
2057	2,365	3,075	3,075	123%	3,782	37,979	1235.2%	1004.2%
2058	1,898	2,468	2,468	123%	3,035	31,394	1272.2%	1034.3%
2059	1,514	1,968	1,968	123%	2,420	25,804	1311.3%	1066.1%
2060	1,200	1,560	1,560	123%	1,919	21,095	1352.1%	1099.2%
2061	946	1,230	1,230	123%	1,513	17,160	1394.7%	1133.9%
2062	743	965	965	123%	1,187	13,844	1434.1%	1166.0%
2063	580	754	754	123%	927	11,094	1472.2%	1196.9%
2064	450	585	585	123%	720	8,793	1502.6%	1221.6%

2065	348	452	452	123%	556	6,905	1527.6%	1242.0%
2066	267	347	347	123%	427	5,397	1555.4%	1264.6%
2067	203	265	265	123%	325	4,187	1582.7%	1286.7%
2068	154	200	200	123%	246	3,221	1609.9%	1308.9%
2069	115	150	150	123%	184	2,446	1632.6%	1327.3%
2070	85	111	111	123%	137	1,825	1644.6%	1337.0%
2071	62	81	81	123%	100	1,339	1648.6%	1340.3%
2072	45	59	59	123%	72	968	1650.5%	1341.9%
2073	32	42	42	123%	51	689	1650.1%	1341.5%
2074	23	29	29	123%	36	483	1646.3%	1338.5%
2075	16	20	20	123%	25	332	1642.3%	1335.2%
2076	11	14	14	123%	17	225	1636.1%	1330.1%
2077	7	9	9	123%	11	148	1627.9%	1323.5%
2078	5	6	6	123%	7	96	1617.1%	1314.7%
2079	3	4	4	123%	5	60	1601.0%	1301.6%
2080	2	2	2	123%	3	37	1583.3%	1287.2%
2081	1	1	1	123%	2	22	1561.6%	1269.6%
2082	1	1	1	123%	1	13	1531.2%	1244.9%
2083	0	1	1	123%	1	8	1498.7%	1218.4%
2084	0	0	0	123%	0	4	1463.4%	1189.7%
2085	0	0	0	123%	0	2	1430.3%	1162.8%
2086	0	0	0	123%	0	1	1399.2%	1137.6%
2087	0	0	0	123%	0	1	1374.3%	1117.4%
2088	0	0	0	123%	0	0	1338.3%	1088.1%
2089	0	0	0	123%	0	0	1226.0%	996.8%
2090	0	0	0	123%	0	0	1153.1%	937.5%
2091	0	0	0	123%	0	0	1122.9%	912.9%
2092	0	0	0	123%	0	0	4711.0%	3830.1%
Total	1,487,203	1,925,142	1,925,142		2,339,962	4,307,848	223.8%	184.1%
Disc @ 4.04%	950,683	1,227,827	1,227,827		1,483,117	1,879,135	153.0%	126.7%
Lifetime @ 4.04%	2,069,917	2,347,061	2,347,061		2,602,350	1,885,010	80.3%	72.4%

American Fidelity Assurance Company
Actuarial Justification for Rate Increase

Exhibit D - Lifetime Experience (Virginia) - Revised 10/2018
Individual Educator - Non-Lifetime Benefit Period

Year	Original Earned Premium	Actual Earned Premium	Virginia Rate Level Earned Premium	Rate Increase	Virginia Rate Level Earned Premium	Actual Incurred Claims	Loss Ratio	
	w/o Rate Increase*	w/o Rate Increase**			w/Rate Increase***		without Rate Increase	with Rate Increase
2003	0	0	0		0	0	0.0%	0.0%
2004	119	119	119		119	0	0.0%	0.0%
2005	439	439	439		439	0	0.0%	0.0%
2006	2,402	2,402	2,402		2,402	0	0.0%	0.0%
2007	9,833	9,833	9,833		9,833	0	0.0%	0.0%
2008	14,721	14,721	14,721		14,721	0	0.0%	0.0%
2009	29,214	29,214	29,214		29,214	0	0.0%	0.0%
2010	49,989	49,989	49,989		49,989	0	0.0%	0.0%
2011	67,183	67,183	67,183		67,183	0	0.0%	0.0%
2012	75,886	75,886	75,886		75,886	0	0.0%	0.0%
2013	77,716	77,716	77,716		77,716	0	0.0%	0.0%
2014	72,373	72,373	72,373		72,373	0	0.0%	0.0%
2015	64,420	64,420	64,420		64,420	0	0.0%	0.0%
2016	60,550	60,550	60,550		60,550	8	0.0%	0.0%
2017	54,490	54,490	54,490		54,490	698	1.3%	1.3%
Total	579,335	579,335	579,335		579,335	705	0.1%	0.1%
Acc @ 4.04%	697,481	697,481	697,481		697,481	720	0.1%	0.1%

Year	Projected Earned Premium at	Projected Earned Premium	Projected Earned Premium	Cumulative Rate Increase Factor	Projected Earned Premium	Projected Incurred Claims	Loss Ratio	
	Original	at Current Rates	at Virginia Rate Level		w/Rate Increase		without Rate Increase	with Rate Increase
2018	53,152	53,152	53,152	100%	53,152	2,575	4.8%	4.8%
2019	51,052	51,052	51,052	100%	51,052	3,438	6.7%	6.7%
2020	49,286	49,286	49,286	100%	49,286	4,435	9.0%	9.0%
2021	47,758	47,758	47,758	100%	47,758	5,618	11.8%	11.8%
2022	46,391	46,391	46,391	100%	46,391	7,010	15.1%	15.1%
2023	45,135	45,135	45,135	100%	45,135	8,650	19.2%	19.2%
2024	43,953	43,953	43,953	100%	43,953	10,473	23.8%	23.8%
2025	42,825	42,825	42,825	100%	42,825	12,736	29.7%	29.7%
2026	41,723	41,723	41,723	100%	41,723	15,480	37.1%	37.1%
2027	40,619	40,619	40,619	100%	40,619	18,983	46.7%	46.7%
2028	39,494	39,494	39,494	100%	39,494	23,278	58.9%	58.9%
2029	38,319	38,319	38,319	100%	38,319	28,312	73.9%	73.9%
2030	37,080	37,080	37,080	100%	37,080	34,215	92.3%	92.3%
2031	35,769	35,769	35,769	100%	35,769	41,036	114.7%	114.7%
2032	34,381	34,381	34,381	100%	34,381	47,538	138.3%	138.3%
2033	32,915	32,915	32,915	100%	32,915	52,496	159.5%	159.5%
2034	31,371	31,371	31,371	100%	31,371	57,442	183.1%	183.1%
2035	29,757	29,757	29,757	100%	29,757	61,949	208.2%	208.2%
2036	28,083	28,083	28,083	100%	28,083	65,799	234.3%	234.3%
2037	26,368	26,368	26,368	100%	26,368	69,231	262.6%	262.6%
2038	24,628	24,628	24,628	100%	24,628	72,238	293.3%	293.3%
2039	22,881	22,881	22,881	100%	22,881	74,556	325.8%	325.8%
2040	21,140	21,140	21,140	100%	21,140	76,883	363.7%	363.7%
2041	19,417	19,417	19,417	100%	19,417	78,969	406.7%	406.7%
2042	17,723	17,723	17,723	100%	17,723	80,898	456.5%	456.5%
2043	16,069	16,069	16,069	100%	16,069	82,272	512.0%	512.0%
2044	14,468	14,468	14,468	100%	14,468	82,345	569.1%	569.1%
2045	12,932	12,932	12,932	100%	12,932	81,191	627.8%	627.8%
2046	11,472	11,472	11,472	100%	11,472	79,123	689.7%	689.7%
2047	10,098	10,098	10,098	100%	10,098	75,719	749.8%	749.8%
2048	8,819	8,819	8,819	100%	8,819	71,283	808.2%	808.2%
2049	7,640	7,640	7,640	100%	7,640	66,098	865.2%	865.2%
2050	6,563	6,563	6,563	100%	6,563	60,395	920.3%	920.3%
2051	5,589	5,589	5,589	100%	5,589	54,127	968.4%	968.4%
2052	4,719	4,719	4,719	100%	4,719	48,100	1019.4%	1019.4%
2053	3,948	3,948	3,948	100%	3,948	42,341	1072.4%	1072.4%
2054	3,274	3,274	3,274	100%	3,274	37,023	1130.9%	1130.9%
2055	2,690	2,690	2,690	100%	2,690	32,375	1203.5%	1203.5%
2056	2,190	2,190	2,190	100%	2,190	28,326	1293.2%	1293.2%
2057	1,767	1,767	1,767	100%	1,767	24,585	1391.0%	1391.0%
2058	1,413	1,413	1,413	100%	1,413	21,137	1495.8%	1495.8%
2059	1,119	1,119	1,119	100%	1,119	17,629	1575.6%	1575.6%
2060	877	877	877	100%	877	14,193	1617.9%	1617.9%

2061	681	681	681	100%	681	11,288	1657.3%	1657.3%
2062	523	523	523	100%	523	8,874	1695.4%	1695.4%
2063	398	398	398	100%	398	6,934	1743.5%	1743.5%
2064	298	298	298	100%	298	5,259	1764.4%	1764.4%
2065	219	219	219	100%	219	3,905	1779.1%	1779.1%
2066	158	158	158	100%	158	2,827	1784.2%	1784.2%
2067	112	112	112	100%	112	1,994	1779.3%	1779.3%
2068	78	78	78	100%	78	1,379	1777.5%	1777.5%
2069	52	52	52	100%	52	929	1770.7%	1770.7%
2070	35	35	35	100%	35	610	1759.5%	1759.5%
2071	22	22	22	100%	22	391	1742.9%	1742.9%
2072	14	14	14	100%	14	244	1724.5%	1724.5%
2073	9	9	9	100%	9	149	1706.5%	1706.5%
2074	5	5	5	100%	5	89	1685.3%	1685.3%
2075	3	3	3	100%	3	52	1664.5%	1664.5%
2076	2	2	2	100%	2	30	1639.6%	1639.6%
2077	1	1	1	100%	1	17	1611.9%	1611.9%
2078	1	1	1	100%	1	9	1595.2%	1595.2%
2079	0	0	0	100%	0	5	1566.1%	1566.1%
2080	0	0	0	100%	0	3	1552.6%	1552.6%
2081	0	0	0	100%	0	2	1552.5%	1552.5%
2082	0	0	0	100%	0	1	1568.6%	1568.6%
2083	0	0	0	100%	0	1	1487.2%	1487.2%
2084	0	0	0	100%	0	0	1410.2%	1410.2%
2085	0	0	0	100%	0	0	1271.5%	1271.5%
2086	0	0	0	100%	0	0	1159.3%	1159.3%
2087	0	0	0	100%	0	0	1280.6%	1280.6%
2088	0	0	0	100%	0	0	1250.6%	1250.6%
2089	0	0	0	100%	0	0	1194.4%	1194.4%
2090	0	0	0	100%	0	0	890.7%	890.7%
2091	0	0	0	100%	0	0	0.0%	0.0%
2092	0	0	0	100%	0	0	0.0%	0.0%
Total	1,019,479	1,019,479	1,019,479		1,019,479	1,917,493	188.1%	188.1%
Disc @ 4.04%	652,467	652,467	652,467		652,467	758,388	116.2%	116.2%
Lifetime @ 4.04%	1,349,948	1,349,948	1,349,948		1,349,948	759,108	56.2%	56.2%

American Fidelity Assurance Company
Actuarial Justification for Rate Increase

Attachment 2 - Lifetime Experience (Nationwide)
Individual Educator-Total

Year	Original Earned Premium w/o Rate Increase*	Actual Earned Premium w/o Rate Increase**	Virginia Rate Level Earned Premium	Rate Increase	Virginia Rate Level Earned Premium w/Rate Increase***	Actual Incurred Claims	Loss Ratio without Rate Increase	with Rate Increase
2003	180,443	218,916	180,423		180,423	0	0.0%	0.0%
2004	1,021,055	1,039,400	1,021,047		1,021,047	0	0.0%	0.0%
2005	2,030,476	2,317,575	2,030,329		2,030,329	0	0.0%	0.0%
2006	3,202,149	3,326,141	3,202,053		3,202,053	0	0.0%	0.0%
2007	4,597,175	4,850,301	4,596,999		4,596,999	200,405	4.4%	4.4%
2008	6,183,216	6,173,620	6,002,687		6,002,687	625,858	10.4%	10.4%
2009	8,475,391	7,643,321	7,454,251		7,454,251	8,777	0.1%	0.1%
2010	10,841,915	19,654,123	8,817,456		8,813,606	442,061	5.0%	5.0%
2011	13,119,261	10,080,329	9,917,099		9,917,099	106,583	1.1%	1.1%
2012	15,150,024	10,917,034	10,552,943		10,552,943	1,671,336	15.8%	15.8%
2013	16,347,286	11,645,740	10,525,683		10,344,202	541,215	5.1%	5.2%
2014	17,410,485	10,835,971	9,955,629		9,955,629	1,119,389	11.2%	11.2%
2015	18,578,120	10,667,733	9,927,689		9,768,303	630,014	6.3%	6.4%
2016	19,381,672	10,218,130	9,464,417		9,464,417	1,286,723	13.6%	13.6%
2017	19,775,514	12,051,540	9,856,782		9,222,286	1,268,643	12.9%	13.8%
Total	156,294,181	121,639,875	103,505,486		102,526,272	7,901,004	7.6%	7.7%
Acc @ 4.04%	189,473,649	152,602,683	129,484,422		128,439,193	9,326,434	7.2%	7.3%

Year	Projected Earned Premium at Original	Projected Earned Premium at Current Rates	Projected Earned Premium at Virginia Rate Level	Cumulative Rate Increase Factor	Projected Earned Premium w/Rate Increase	Projected Incurred Claims	Loss Ratio without Rate Increase	with Rate Increase
2018	9,053,339	11,219,438	10,092,141	100%	10,092,141	1,851,783	18.3%	18.3%
2019	8,781,353	11,083,749	10,404,250	110%	11,415,180	2,293,894	22.0%	20.1%
2020	8,547,767	10,735,147	10,136,828	116%	11,720,591	2,739,824	27.0%	23.4%
2021	8,339,657	10,522,756	9,898,220	116%	11,451,589	3,277,363	33.1%	28.6%
2022	8,147,607	21,066,093	9,677,617	116%	11,202,528	3,811,023	39.4%	34.0%
2023	7,964,702	20,848,573	9,467,183	116%	10,964,656	4,366,306	46.1%	39.8%
2024	7,785,745	9,870,417	9,260,876	116%	10,731,090	5,020,170	54.2%	46.8%
2025	7,606,093	9,651,086	9,053,147	116%	10,495,377	5,775,787	63.8%	55.0%
2026	7,421,669	9,424,848	8,839,135	#DIV/0!	#DIV/0!	6,628,091	75.0%	#DIV/0!
2027	7,228,368	9,186,211	8,613,754	116%	9,994,522	7,584,024	88.0%	75.9%
2028	7,022,677	8,930,930	8,372,972	116%	9,718,766	8,636,540	103.1%	88.9%
2029	6,801,844	8,655,780	8,113,704	116%	9,421,191	9,771,072	120.4%	103.7%
2030	6,564,742	8,359,329	7,834,607	116%	9,100,239	10,969,371	140.0%	120.5%
2031	6,311,137	8,041,279	7,535,400	116%	8,755,581	12,221,899	162.2%	139.6%
2032	6,041,279	7,701,959	7,216,390	116%	8,387,584	13,431,835	186.1%	160.1%
2033	5,756,032	7,345,836	6,878,615	116%	7,997,456	14,497,196	210.8%	181.3%
2034	5,456,932	6,964,849	6,523,946	116%	7,587,404	15,511,122	237.8%	204.4%
2035	5,146,304	6,572,104	6,155,212	116%	7,160,757	16,449,817	267.3%	229.7%
2036	4,826,997	6,167,965	5,775,877	116%	6,721,595	17,295,141	299.4%	257.3%
2037	4,502,327	5,756,697	5,389,930	116%	6,274,573	18,028,871	334.5%	287.3%
2038	4,175,591	5,342,329	5,001,185	116%	5,824,026	18,631,395	372.5%	319.9%
2039	3,849,846	4,928,646	4,613,236	116%	5,374,038	19,083,858	413.7%	355.1%
2040	3,527,841	4,519,172	4,231,327	116%	4,928,450	19,369,108	457.8%	393.0%
2041	3,212,281	4,120,752	3,854,781	117%	4,491,078	19,413,956	503.6%	432.3%
2042	2,905,795	3,726,720	3,486,688	117%	4,065,645	19,296,262	553.4%	474.6%
2043	2,610,802	3,350,286	3,134,067	117%	3,655,588	18,968,563	605.2%	518.9%
2044	2,329,415	2,990,847	2,797,449	117%	3,263,924	18,436,338	659.0%	564.9%
2045	2,063,372	2,650,679	2,478,955	117%	2,893,153	17,705,785	714.2%	612.0%
2046	1,814,074	2,331,633	2,180,303	117%	2,545,311	16,812,550	771.1%	660.5%
2047	1,582,663	2,035,229	1,902,902	117%	2,222,074	15,767,620	828.6%	709.6%
2048	1,369,942	1,762,546	1,647,752	117%	1,924,636	14,613,908	886.9%	759.3%
2049	1,176,302	1,514,137	1,415,357	117%	1,653,615	13,381,127	945.4%	809.2%
2050	1,001,800	1,290,127	1,205,823	117%	1,409,165	12,091,247	1002.7%	858.0%
2051	846,181	1,090,239	1,018,879	117%	1,191,000	10,775,819	1057.6%	904.8%
2052	708,875	913,776	853,865	117%	998,370	9,483,285	1110.6%	949.9%
2053	589,035	759,674	709,781	117%	830,124	8,238,975	1160.8%	992.5%
2054	485,574	626,559	585,336	117%	684,766	7,068,290	1207.6%	1032.2%
2055	397,197	512,789	478,991	117%	560,512	6,007,656	1254.2%	1071.8%
2056	322,468	416,537	389,032	117%	455,374	5,056,077	1299.7%	1110.3%
2057	259,899	335,910	313,685	117%	367,292	4,215,433	1343.8%	1147.7%
2058	208,010	269,014	251,177	117%	294,199	3,478,639	1384.9%	1182.4%
2059	165,376	214,025	199,800	117%	234,109	2,852,450	1427.7%	1218.4%
2060	130,676	169,246	157,969	117%	185,170	2,324,864	1471.7%	1255.5%
2061	102,674	133,092	124,198	117%	145,650	1,884,552	1517.4%	1293.9%

2062	80,244	104,109	97,131	117%	113,962	1,515,490	1560.3%	1329.8%
2063	62,391	81,021	75,574	117%	88,712	1,211,117	1602.6%	1365.2%
2064	48,267	62,735	58,504	117%	68,707	958,638	1638.6%	1395.2%
2065	37,155	48,329	45,062	117%	52,942	753,608	1672.4%	1423.5%
2066	28,452	37,030	34,522	118%	40,572	590,640	1710.9%	1455.8%
2067	21,664	28,204	26,292	118%	30,904	460,668	1752.1%	1490.6%
2068	16,391	21,336	19,890	118%	23,378	357,731	1798.5%	1530.2%
2069	12,310	16,014	14,931	117%	17,543	275,716	1846.6%	1571.6%
2070	9,167	11,911	11,109	117%	13,044	208,272	1874.8%	1596.7%
2071	6,767	8,774	8,187	117%	9,603	155,558	1900.0%	1619.9%
2072	4,949	6,399	5,975	117%	6,997	115,094	1926.3%	1644.8%
2073	3,586	4,619	4,317	117%	5,045	84,388	1954.9%	1672.6%
2074	2,573	3,299	3,087	117%	3,598	61,360	1988.0%	1705.5%
2075	1,829	2,329	2,183	116%	2,536	44,195	2024.6%	1742.8%
2076	1,286	1,626	1,526	116%	1,766	31,483	2062.6%	1783.1%
2077	896	1,121	1,055	115%	1,214	22,193	2102.9%	1827.6%
2078	618	765	722	114%	825	15,544	2153.7%	1883.8%
2079	423	516	489	113%	555	10,599	2168.3%	1911.0%
2080	287	345	328	112%	369	7,138	2174.7%	1933.6%
2081	194	229	219	111%	244	4,776	2179.7%	1957.3%
2082	131	152	146	110%	161	3,184	2179.3%	1977.4%
2083	88	101	97	109%	106	2,127	2188.6%	2007.3%
2084	59	67	64	108%	69	1,411	2190.9%	2030.3%
2085	39	44	42	107%	45	928	2194.6%	2052.8%
2086	26	28	28	106%	29	606	2195.0%	2069.0%
2087	17	18	18	105%	19	390	2195.8%	2082.1%
2088	11	12	11	105%	12	248	2193.5%	2087.7%
2089	7	7	7	105%	7	152	2167.7%	2068.6%
2090	4	4	4	105%	5	92	2143.2%	2047.1%
2091	2	3	3	104%	3	54	2145.1%	2055.9%
2092	1	1	1	104%	2	93	6327.6%	6078.6%
Total	175,482,094	244,550,157	208,683,865		#DIV/0!	472,012,378	226.2%	#DIV/0!
Disc @ 4.04%	113,205,449	161,176,039	134,215,829		#DIV/0!	204,123,275	152.1%	#DIV/0!
Lifetime @ 4.04%	302,679,098	313,778,722	263,700,251		#DIV/0!	213,449,710	80.9%	#DIV/0!

American Fidelity Assurance Company
Actuarial Justification for Rate Increase

Attachment 2 - Lifetime Experience (Nationwide)
Individual Educator - Lifetime Benefit Period

Year	Original Earned Premium w/o Rate Increase*	Actual Earned Premium w/o Rate Increase**	Virginia Rate Level Earned Premium	Rate Increase	Virginia Rate Level Earned Premium w/Rate Increase***	Actual Incurred Claims	Loss Ratio without Rate Increase	with Rate Increase
2003	139,807	139,807	139,807		139,807	0	0.0%	0.0%
2004	795,491	795,491	795,491		795,491	0	0.0%	0.0%
2005	1,589,788	1,589,788	1,589,788		1,589,788	0	0.0%	0.0%
2006	2,486,560	2,486,560	2,486,560		2,486,560	0	0.0%	0.0%
2007	3,541,956	3,541,956	3,541,956		3,541,956	200,405	5.7%	5.7%
2008	4,628,496	4,628,496	4,628,496		4,628,496	625,858	13.5%	13.5%
2009	5,735,242	5,735,242	5,735,242		5,735,242	1,260	0.0%	0.0%
2010	6,736,357	6,736,357	6,736,357		6,736,357	442,061	6.6%	6.6%
2011	6,982,660	6,982,660	6,982,660		6,982,660	8,571	0.1%	0.1%
2012	6,704,003	6,704,003	6,704,003		6,704,003	1,604,876	23.9%	23.9%
2013	6,473,360	6,473,360	6,473,360		6,473,360	432,421	6.7%	6.7%
2014	6,284,190	6,284,190	6,284,190		6,284,190	1,092,157	17.4%	17.4%
2015	6,186,220	6,186,220	6,186,220		6,186,220	595,931	9.6%	9.6%
2016	5,854,274	6,232,009	5,854,274		5,854,274	1,096,225	18.7%	18.7%
2017	5,606,469	6,822,790	5,606,469		5,606,469	884,356	15.8%	15.8%
Total	69,744,874	71,338,929	69,744,874		69,744,874	6,984,121	10.0%	10.0%
Acc @ 4.04%	88,428,112	90,069,614	88,428,112		88,428,112	8,313,424	9.4%	9.4%

Year	Projected Earned Premium at Original	Projected Earned Premium at Current Rates	Projected Earned Premium at Virginia Rate Level	Cumulative Rate Increase Factor	Projected Earned Premium w/Rate Increase	Projected Incurred Claims	Loss Ratio without Rate Increase	with Rate Increase
2018	5,540,281	7,413,441	6,579,084	100%	6,579,084	1,651,689	25.1%	25.1%
2019	5,409,658	7,598,302	7,032,556	114%	8,043,486	2,024,671	28.8%	25.2%
2020	5,296,869	7,484,249	6,885,929	123%	8,469,693	2,388,894	34.7%	28.2%
2021	5,195,212	7,378,310	6,753,775	123%	8,307,143	2,827,360	41.9%	34.0%
2022	5,100,035	7,257,975	6,630,046	123%	8,154,956	3,240,586	48.9%	39.7%
2023	5,008,271	7,131,595	6,510,753	123%	8,008,226	3,650,654	56.1%	45.6%
2024	4,917,103	7,001,775	6,392,234	123%	7,862,448	4,130,366	64.6%	52.5%
2025	4,823,512	6,868,505	6,270,566	123%	7,712,796	4,678,579	74.6%	60.7%
2026	4,724,887	6,728,066	6,142,353	123%	7,555,094	5,291,281	86.1%	70.0%
2027	4,617,953	6,575,796	6,003,339	123%	7,384,107	5,967,905	99.4%	80.8%
2028	4,500,984	6,409,236	5,851,279	123%	7,197,073	6,701,902	114.5%	93.1%
2029	4,372,866	6,226,801	5,684,726	123%	6,992,213	7,482,240	131.6%	107.0%
2030	4,232,883	6,027,471	5,502,748	123%	6,768,380	8,293,754	150.7%	122.5%
2031	4,080,875	5,811,017	5,305,137	123%	6,525,319	9,131,988	172.1%	139.9%
2032	3,917,036	5,577,715	5,092,146	123%	6,263,340	9,969,503	195.8%	159.2%
2033	3,741,943	5,328,390	4,864,526	123%	5,983,366	10,780,344	221.6%	180.2%
2034	3,556,715	5,064,633	4,623,730	123%	5,687,188	11,548,665	249.8%	203.1%
2035	3,363,027	4,788,828	4,371,935	123%	5,377,481	12,257,948	280.4%	227.9%
2036	3,162,935	4,503,904	4,111,815	123%	5,057,533	12,895,923	313.6%	255.0%
2037	2,958,674	4,213,044	3,846,277	123%	4,730,920	13,450,711	349.7%	284.3%
2038	2,751,979	3,918,718	3,577,573	123%	4,400,415	13,909,690	388.8%	316.1%
2039	2,544,561	3,623,362	3,307,929	123%	4,068,753	14,260,172	431.1%	350.5%
2040	2,338,244	3,329,574	3,039,717	123%	3,738,853	14,483,915	476.5%	387.4%
2041	2,134,885	3,039,999	2,775,351	123%	3,413,682	14,559,582	524.6%	426.5%
2042	1,936,310	2,757,234	2,517,202	123%	3,096,159	14,483,227	575.4%	467.8%
2043	1,744,218	2,483,702	2,267,483	123%	2,789,004	14,248,628	628.4%	510.9%
2044	1,560,116	2,221,548	2,028,150	123%	2,494,625	13,861,278	683.4%	555.6%
2045	1,385,277	1,972,584	1,800,860	123%	2,215,058	13,324,991	739.9%	601.6%
2046	1,220,764	1,738,324	1,586,993	123%	1,952,002	12,667,169	798.2%	648.9%
2047	1,067,464	1,520,030	1,387,704	123%	1,706,876	11,893,076	857.0%	696.8%
2048	926,033	1,318,637	1,203,843	123%	1,480,726	11,023,190	915.7%	744.4%
2049	796,851	1,134,686	1,035,906	123%	1,274,164	10,086,452	973.7%	791.6%
2050	680,076	968,404	884,099	123%	1,087,442	9,100,228	1029.3%	836.8%
2051	575,657	819,715	748,355	123%	920,476	8,094,930	1081.7%	879.4%
2052	483,297	688,198	628,287	123%	772,793	7,110,529	1131.7%	920.1%
2053	402,485	573,124	523,230	123%	643,573	6,168,491	1178.9%	958.5%
2054	332,540	473,525	432,303	123%	531,732	5,284,697	1222.5%	993.9%
2055	272,645	388,237	354,439	123%	435,960	4,490,363	1266.9%	1030.0%
2056	221,881	315,951	288,446	123%	354,788	3,779,446	1310.3%	1065.3%
2057	179,287	255,298	233,073	123%	286,680	3,152,680	1352.7%	1099.7%
2058	143,890	204,893	187,056	123%	230,079	2,606,057	1393.2%	1132.7%
2059	114,746	163,395	149,170	123%	183,479	2,142,029	1436.0%	1167.4%
2060	90,976	129,546	118,268	123%	145,470	1,751,127	1480.6%	1203.8%
2061	71,745	102,163	93,269	123%	114,721	1,424,474	1527.3%	1241.7%
2062	56,291	80,156	73,178	123%	90,009	1,149,249	1570.5%	1276.8%
2063	43,942	62,571	57,124	123%	70,263	920,946	1612.2%	1310.7%
2064	34,124	48,591	44,361	123%	54,564	729,928	1645.4%	1337.7%

2065	26,356	37,529	34,262	123%	42,142	573,154	1672.8%	1360.0%
2066	20,233	28,810	26,302	123%	32,352	447,987	1703.2%	1384.7%
2067	15,425	21,964	20,052	123%	24,664	347,509	1733.0%	1409.0%
2068	11,665	16,611	15,165	123%	18,653	267,310	1762.7%	1433.1%
2069	8,737	12,441	11,358	123%	13,971	203,025	1787.5%	1453.2%
2070	6,471	9,215	8,413	123%	10,348	151,460	1800.4%	1463.7%
2071	4,735	6,743	6,156	123%	7,571	111,083	1804.6%	1467.1%
2072	3,420	4,870	4,446	123%	5,469	80,318	1806.5%	1468.7%
2073	2,437	3,470	3,168	123%	3,896	57,199	1805.8%	1468.1%
2074	1,710	2,435	2,223	123%	2,735	40,049	1801.4%	1464.6%
2075	1,181	1,681	1,535	123%	1,888	27,575	1796.7%	1460.7%
2076	800	1,139	1,040	123%	1,279	18,616	1789.5%	1454.9%
2077	532	757	691	123%	850	12,306	1780.1%	1447.3%
2078	346	493	450	123%	553	7,951	1767.9%	1437.3%
2079	220	313	286	123%	352	5,008	1749.9%	1422.7%
2080	137	195	178	123%	219	3,079	1730.0%	1406.5%
2081	83	119	108	123%	133	1,847	1705.9%	1386.9%
2082	50	71	65	123%	80	1,085	1672.1%	1359.5%
2083	29	42	38	123%	47	625	1636.3%	1330.3%
2084	17	24	22	123%	27	354	1597.4%	1298.7%
2085	10	14	13	123%	16	198	1561.0%	1269.1%
2086	6	8	7	123%	9	112	1526.9%	1241.4%
2087	3	5	4	123%	5	63	1499.8%	1219.4%
2088	2	3	2	123%	3	36	1460.7%	1187.5%
2089	1	2	1	123%	2	20	1338.0%	1087.8%
2090	1	1	1	123%	1	11	1258.7%	1023.3%
2091	0	1	0	123%	1	6	1225.5%	996.4%
2092	0	0	0	123%	0	13	5142.0%	4180.5%
Total	112,736,611	159,870,173	145,934,313		177,379,457	357,429,510	244.9%	201.5%
Disc @ 4.04%	72,066,011	101,980,819	93,074,754		112,426,856	155,894,212	167.5%	138.7%
Lifetime @ 4.04%	160,494,123	192,050,433	181,502,866		200,854,968	164,207,636	90.5%	81.8%

American Fidelity Assurance Company
Actuarial Justification for Rate Increase

Attachment 2 - Lifetime Experience (Nationwide)
Individual Educator - Non-Lifetime Benefit Period

Year	Original Earned Premium w/o Rate Increase*	Actual Earned Premium w/o Rate Increase**	Virginia Rate Level Earned Premium	Rate Increase	Virginia Rate Level Earned Premium w/Rate Increase***	Actual Incurred Claims	Loss Ratio without Rate Increase	with Rate Increase
2003	40,616	40,616	40,616		40,616	0	0.0%	0.0%
2004	225,556	225,556	225,556		225,556	0	0.0%	0.0%
2005	440,541	440,541	440,541		440,541	0	0.0%	0.0%
2006	715,493	715,493	715,493		715,493	0	0.0%	0.0%
2007	1,055,043	1,055,043	1,055,043		1,055,043	0	0.0%	0.0%
2008	1,374,191	1,374,191	1,374,191		1,374,191	0	0.0%	0.0%
2009	1,719,009	1,719,009	1,719,009		1,719,009	7,517	0.4%	0.4%
2010	2,075,177	2,075,177	2,075,177		2,075,177	0	0.0%	0.0%
2011	2,934,439	2,934,439	2,934,439		2,934,439	98,011	3.3%	3.3%
2012	3,848,940	3,848,940	3,848,940		3,848,940	66,460	1.7%	1.7%
2013	3,870,842	3,870,842	3,870,842		3,870,842	108,794	2.8%	2.8%
2014	3,671,439	3,671,439	3,671,439		3,671,439	27,232	0.7%	0.7%
2015	3,580,030	3,580,030	3,580,030		3,580,030	34,083	1.0%	1.0%
2016	3,610,142	3,610,142	3,610,142		3,610,142	190,498	5.3%	5.3%
2017	3,615,817	3,615,817	3,615,817		3,615,817	384,288	10.6%	10.6%
Total	32,777,274	32,777,274	32,777,274		32,777,274	916,883	2.8%	2.8%
Acc @ 4.04%	40,006,026	40,006,026	40,006,026		40,006,026	1,013,010	2.5%	2.5%

Year	Projected Earned Premium at Original	Projected Earned Premium at Current Rates	Projected Earned Premium at Virginia Rate Level	Cumulative Rate Increase Factor	Projected Earned Premium w/Rate Increase	Projected Incurred Claims	Loss Ratio without Rate Increase	with Rate Increase
2018	3,513,058	3,513,058	3,513,058	100%	3,513,058	200,094	5.7%	5.7%
2019	3,371,694	3,371,694	3,371,694	100%	3,371,694	269,223	8.0%	8.0%
2020	3,250,898	3,250,898	3,250,898	100%	3,250,898	350,930	10.8%	10.8%
2021	3,144,445	3,144,445	3,144,445	100%	3,144,445	450,003	14.3%	14.3%
2022	3,047,571	3,047,571	3,047,571	100%	3,047,571	570,437	18.7%	18.7%
2023	2,956,430	2,956,430	2,956,430	100%	2,956,430	715,652	24.2%	24.2%
2024	2,868,642	2,868,642	2,868,642	100%	2,868,642	889,804	31.0%	31.0%
2025	2,782,581	2,782,581	2,782,581	100%	2,782,581	1,097,208	39.4%	39.4%
2026	2,696,782	2,696,782	2,696,782	100%	2,696,782	1,336,809	49.6%	49.6%
2027	2,610,415	2,610,415	2,610,415	100%	2,610,415	1,616,060	61.9%	61.9%
2028	2,521,694	2,521,694	2,521,694	100%	2,521,694	1,934,156	76.7%	76.7%
2029	2,428,978	2,428,978	2,428,978	100%	2,428,978	2,287,633	94.2%	94.2%
2030	2,331,858	2,331,858	2,331,858	100%	2,331,858	2,672,703	114.6%	114.6%
2031	2,230,262	2,230,262	2,230,262	100%	2,230,262	3,084,975	138.3%	138.3%
2032	2,124,244	2,124,244	2,124,244	100%	2,124,244	3,454,073	162.6%	162.6%
2033	2,014,089	2,014,089	2,014,089	100%	2,014,089	3,704,618	183.9%	183.9%
2034	1,900,216	1,900,216	1,900,216	100%	1,900,216	3,945,807	207.7%	207.7%
2035	1,783,277	1,783,277	1,783,277	100%	1,783,277	4,170,980	233.9%	233.9%
2036	1,664,062	1,664,062	1,664,062	100%	1,664,062	4,374,660	262.9%	262.9%
2037	1,543,653	1,543,653	1,543,653	100%	1,543,653	4,550,610	294.8%	294.8%
2038	1,423,612	1,423,612	1,423,612	100%	1,423,612	4,691,803	329.6%	329.6%
2039	1,305,285	1,305,285	1,305,285	100%	1,305,285	4,794,088	367.3%	367.3%
2040	1,189,597	1,189,597	1,189,597	100%	1,189,597	4,852,161	407.9%	407.9%
2041	1,077,396	1,077,396	1,077,396	100%	1,077,396	4,854,373	450.6%	450.6%
2042	969,486	969,486	969,486	100%	969,486	4,813,035	496.5%	496.5%
2043	866,584	866,584	866,584	100%	866,584	4,719,935	544.7%	544.7%
2044	769,299	769,299	769,299	100%	769,299	4,575,060	594.7%	594.7%
2045	678,095	678,095	678,095	100%	678,095	4,380,794	646.0%	646.0%
2046	593,309	593,309	593,309	100%	593,309	4,145,381	698.7%	698.7%
2047	515,198	515,198	515,198	100%	515,198	3,874,544	752.0%	752.0%
2048	443,909	443,909	443,909	100%	443,909	3,590,717	808.9%	808.9%
2049	379,451	379,451	379,451	100%	379,451	3,294,675	868.3%	868.3%
2050	321,723	321,723	321,723	100%	321,723	2,991,018	929.7%	929.7%
2051	270,524	270,524	270,524	100%	270,524	2,680,890	991.0%	991.0%
2052	225,578	225,578	225,578	100%	225,578	2,372,756	1051.9%	1051.9%
2053	186,550	186,550	186,550	100%	186,550	2,070,484	1109.9%	1109.9%
2054	153,034	153,034	153,034	100%	153,034	1,783,593	1165.5%	1165.5%
2055	124,552	124,552	124,552	100%	124,552	1,517,293	1218.2%	1218.2%
2056	100,586	100,586	100,586	100%	100,586	1,276,630	1269.2%	1269.2%
2057	80,612	80,612	80,612	100%	80,612	1,062,752	1318.4%	1318.4%
2058	64,120	64,120	64,120	100%	64,120	872,582	1360.9%	1360.9%
2059	50,630	50,630	50,630	100%	50,630	710,421	1403.2%	1403.2%
2060	39,700	39,700	39,700	100%	39,700	573,737	1445.2%	1445.2%

2061	30,929	30,929	30,929	100%	30,929	460,078	1487.5%	1487.5%
2062	23,953	23,953	23,953	100%	23,953	366,241	1529.0%	1529.0%
2063	18,450	18,450	18,450	100%	18,450	290,170	1572.8%	1572.8%
2064	14,143	14,143	14,143	100%	14,143	228,709	1617.1%	1617.1%
2065	10,799	10,799	10,799	100%	10,799	180,454	1671.0%	1671.0%
2066	8,220	8,220	8,220	100%	8,220	142,653	1735.5%	1735.5%
2067	6,240	6,240	6,240	100%	6,240	113,159	1813.5%	1813.5%
2068	4,726	4,726	4,726	100%	4,726	90,422	1913.4%	1913.4%
2069	3,572	3,572	3,572	100%	3,572	72,691	2034.8%	2034.8%
2070	2,696	2,696	2,696	100%	2,696	56,813	2107.3%	2107.3%
2071	2,032	2,032	2,032	100%	2,032	44,475	2189.2%	2189.2%
2072	1,529	1,529	1,529	100%	1,529	34,776	2274.7%	2274.7%
2073	1,149	1,149	1,149	100%	1,149	27,190	2365.7%	2365.7%
2074	863	863	863	100%	863	21,310	2468.4%	2468.4%
2075	648	648	648	100%	648	16,621	2564.3%	2564.3%
2076	486	486	486	100%	486	12,867	2646.9%	2646.9%
2077	364	364	364	100%	364	9,887	2715.8%	2715.8%
2078	272	272	272	100%	272	7,594	2791.5%	2791.5%
2079	203	203	203	100%	203	5,591	2759.3%	2759.3%
2080	150	150	150	100%	150	4,059	2701.6%	2701.6%
2081	111	111	111	100%	111	2,929	2642.7%	2642.7%
2082	81	81	81	100%	81	2,099	2584.3%	2584.3%
2083	59	59	59	100%	59	1,503	2546.0%	2546.0%
2084	42	42	42	100%	42	1,057	2501.9%	2501.9%
2085	30	30	30	100%	30	730	2466.4%	2466.4%
2086	20	20	20	100%	20	494	2435.8%	2435.8%
2087	14	14	14	100%	14	327	2412.5%	2412.5%
2088	9	9	9	100%	9	212	2400.7%	2400.7%
2089	6	6	6	100%	6	133	2385.7%	2385.7%
2090	3	3	3	100%	3	81	2370.0%	2370.0%
2091	2	2	2	100%	2	48	2358.9%	2358.9%
2092	1	1	1	100%	1	79	6584.5%	6584.5%
Total	62,745,483	62,745,483	62,745,483		62,745,483	114,370,610	182.3%	182.3%
Disc @ 4.04%	41,139,437	41,139,437	41,139,437		41,139,437	48,128,912	117.0%	117.0%
Lifetime @ 4.04%	81,145,464	81,145,464	81,145,464		81,145,464	49,141,922	60.6%	60.6%



**American Fidelity
Assurance Company**

A member of the American Fidelity Group.

A 8-13-03

June 13, 2003

NAIC Number: 330-60410

FEIN Number: 73-0714500

The Honorable Alfred W. Gross
Commissioner of Insurance
State Corporation Commission
Bureau of Insurance - 7th Floor
P.O. Box 1157
Richmond, Virginia 23218

Attn: Mary Ann Mason, FLMI, AIE, HIA, AIRC

Re: Submission No: 007 0000020031

Dear Ms. Mason:

Thank you for your letter of May 21, 2003. Enclosed the actuarial memorandum and an actuarial certification as required by 14 VAC 5-200-77.

Enclosed is a postage-paid envelope for your convenience. Thank you for your assistance in this matter. If you have any questions, please feel free to call me at 1-800-654-8489, extension 5521 or my e-mail address is janice.farmer@af-group.com.

Sincerely,

Janice Farmer, AIRC, ACS, HIA
Senior Compliance Analyst

Enclosures

**Actuarial Certification for
American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
Initial Premium Rate Schedule
Virginia**

I, Peggy Hauser, am a member of the American Academy of Actuaries and am acting as a consultant to American Fidelity Assurance Company. I meet the Academy's qualification standards for rendering this opinion and am familiar with the requirements for filing long-term care insurance premiums.

Attached is the premium rate schedule (Exhibit 1) to be used for new sales of the policy form as specified therein.

In my opinion the initial premium rate schedule is sufficient to cover anticipated costs under moderately adverse experience and the premium rate schedule is reasonably expected to be sustainable over the life of the form with no future premium increases anticipated. Premium rates were developed based on best estimate assumptions for persistency, morbidity, investment earnings and expenses. Rates balance the company's objectives to provide meaningful benefits for a competitive premium, pay adequate compensation to agents and provide an acceptable return to the company. After premium rates were set, the following pricing assumptions were tested to support the conclusion that the filed premium rates are sustainable over the life of the form:

- Ultimate investment earnings are 0.5% less than expected
- Lapse rates are 80% of expected
- Morbidity is 110% of expected
- The distribution of coverage issued on a join basis is reduced by 5%
- The distribution of sales to age 50 is increased by 5%
- Morbidity improvement does not occur
- Average charges trend at 6% rather than 5%

Specifically the company determined that if any one of the above moderately adverse conditions occurs, the premium rates are adequate to absorb such a deviation and the company will not need to increase premium rates.

I have reviewed and taken into consideration the policy design and coverage provided.

I have reviewed and taken into consideration the company's planned underwriting and claims adjudication processes.

In forming my opinion, I have used actuarial assumptions and actuarial methods and such tests of the actuarial calculations as I considered necessary, and have provided a copy of the supporting documentation to the company.

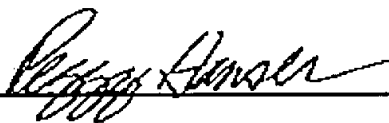
Attached is a description of the valuation basis for contract reserves (Exhibit 2), which generates the net valuation premium for renewal years. The assumptions for reserves contain reasonable margins for adverse experience. The net valuation premium for renewal years does not increase. In aggregate, the difference between the gross premiums and the net valuation premiums for renewal years is sufficient to cover

June 13, 2003

**Actuarial Certification for
American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
Initial Premium Rate Schedule
Virginia**

expected renewal expenses. The gross premiums for a subset of issue ages are not in excess of the net valuation premium plus renewal expenses. For these issue ages, the gross premiums would be sufficient to cover the sum of the net valuation premium for renewal years and the average renewal expenses assumed in the pricing if the maximum mortality rates allowed by the NAIC Health Insurance Reserves Model Regulation (1983 Group Annuitant Mortality) were used in place of the 1994 Group Annuitant Mortality assumed in the actual reserve basis.

The premium rate schedule is equal to or in excess of the premium rate schedule for policy form QGHHC 8/98 (except for reasonable differences attributable to benefits) which American Fidelity Assurance Company will be making available to the same broad class of applicants. Policy form QGHHC 8/98 is a home health care policy that can be combined with a confined care rider. As such, QGHHC offers separate home health care and confined care benefit periods. QLTC-02 will offer a single combined benefit period for both home health care and confined care services.



Peggy L. Hauser, F.S.A., M.A.A.A.
Long Term Care Group Inc.
Acting as a consultant to
American Fidelity Assurance Company
850 N. Elm Grove Road, Suite 24
Elm Grove, WI 53122
(262) 797-0765

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American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
Initial Premium Rate Schedule
Virginia

Gross annual premiums for the base plan policy with a lifetime elimination period of 90 days are included in Exhibit 1A. Premiums are provided per \$10 of maximum benefit amount. Premium adjustments to modify the base plan benefits are included in Exhibit 1B.

The assumed period for which the filed rates apply is the lifetime of the policy (there are no planned rate increases).

The rate schedules attached in Exhibit 1A provide both individual and joint coverage rates.

If a couple purchases joint coverage, upon divorce, the two covered insureds will convert to individual coverage using the individual rate schedules at their original issue age. Upon death of one spouse, and in the absence of the couples enhancement rider, the surviving spouse will revert to individual coverage using the individual rate schedule at his or her original issue age.

In the event an insured is issued individual coverage and subsequently marries and purchases joint coverage, the original individual insured will convert to the joint coverage rate at his or her original issue age. The added spouse will be rated at his or her current attained age under the joint rate schedule.

As this coverage is guaranteed renewable, premiums may change only if we change premiums for all similar policies in the same state for this policy form. Similar policies include policies within the same underwriting risk class, benefit period, issue age and inflation protection coverage.

American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
Initial Premium Rate Schedules
Virginia

Annual Rates per \$10 Daily Maximum Benefit
90 Day Elimination Period

Issue Age	Individual Coverage Preferred Rates by Lifetime Maximum Benefit Factor			
	730	1095	1825	Unlimited
18-40	31.26	34.69	42.30	49.84
41	31.59	35.06	42.74	50.36
42	31.93	35.43	43.18	50.90
43	32.27	35.80	43.63	51.44
44	32.61	36.18	44.08	51.98
45	32.95	36.56	44.54	52.53
46	33.30	36.95	45.00	53.09
47	33.65	37.34	45.47	53.65
48	34.01	37.74	45.94	54.22
49	34.37	38.14	46.42	54.79
50	34.73	38.54	46.90	55.37
51	38.70	43.05	52.55	61.72
52	43.13	48.08	58.87	68.79
53	48.05	53.70	65.96	76.67
54	53.54	59.97	73.90	85.45
55	59.66	66.98	82.80	95.24
56	63.98	71.86	88.73	101.77
57	68.61	77.09	95.08	108.75
58	73.57	82.71	101.89	116.20
59	78.89	88.74	109.18	124.16
60	84.60	95.20	117.00	132.67
61	91.31	102.55	126.56	143.27
62	98.56	110.47	136.90	154.73
63	106.38	119.00	148.08	167.10
64	114.81	128.19	160.18	180.46
65	123.92	138.09	173.27	194.88
66	134.58	149.49	187.43	211.50
67	146.16	161.83	202.74	229.54
68	158.73	175.18	219.30	249.12
69	172.39	189.64	237.22	270.37
70	187.22	205.30	256.60	293.43
71	203.33	222.24	277.56	318.46
72	220.82	240.59	300.24	345.62
73	239.81	260.45	324.77	375.10
74	260.44	281.94	351.31	407.09
75	282.85	305.22	380.01	441.81
76	307.18	330.41	411.05	479.49
77	333.61	357.68	444.64	520.39
78	362.31	387.21	480.97	564.78
79	393.48	419.17	520.26	612.95
80	427.33	453.77	562.77	665.22
81	464.09	491.23	608.75	721.96
82	504.01	531.77	658.48	783.54
83	547.37	575.67	712.28	850.37
84	594.46	623.18	770.47	922.90

June 13, 2003

**American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
Initial Premium Rate Schedules
Virginia**

Annual Rates per \$10 Daily Maximum Benefit
90 Day Elimination Period

Issue Age	Joint Coverage Preferred Rates by Lifetime Maximum Benefit Factor		
	1095	1825	Unlimited
18-40	26.02	31.73	37.38
41	26.30	32.06	37.77
42	26.57	32.39	38.18
43	26.85	32.72	38.58
44	27.14	33.06	38.99
45	27.42	33.41	39.40
46	27.71	33.75	39.82
47	28.01	34.10	40.24
48	28.31	34.46	40.67
49	28.61	34.82	41.09
50	28.91	35.18	41.53
51	32.29	39.41	46.29
52	36.06	44.15	51.59
53	40.28	49.47	57.50
54	44.98	55.43	64.09
55	50.24	62.10	71.43
56	53.90	66.55	76.33
57	57.82	71.31	81.56
58	62.03	76.42	87.15
59	66.56	81.89	93.12
60	71.40	87.75	99.50
61	76.91	94.92	107.45
62	82.85	102.68	116.05
63	89.25	111.06	125.33
64	96.14	120.14	135.35
65	103.57	129.95	146.16
66	112.12	140.57	158.63
67	121.37	152.06	172.16
68	131.39	164.48	186.84
69	142.23	177.92	202.78
70	153.98	192.45	220.07
71	166.68	208.17	238.85
72	180.44	225.18	259.22
73	195.34	243.58	281.33
74	211.46	263.48	305.32
75	228.92	285.01	331.36
76	247.81	308.29	359.62
77	268.26	333.48	390.29
78	290.41	360.73	423.59
79	314.38	390.20	459.71
80	340.33	422.08	498.92
81	368.42	456.56	541.47
82	398.83	493.86	587.66
83	431.75	534.21	637.78
84	467.39	577.85	692.18

June 13, 2003

**American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
Initial Premium Rate Schedules
Virginia**

Rating Factors

Elimination Period Factors –

Elimination Period (Days)	Factor
30	1.055
90	1.000
180	0.960

Modal Premiums –

Mode	Factor
Annual	1.0000
Semi-annual	0.5100
Quarterly	0.2600
Monthly	0.0875

Risk Factors –

Characteristic	Factor
Select	0.85
Preferred	1.00
Standard	1.15

Single Factor Optional Benefits –

Optional Benefit	Factor
Nonforfeiture	1.20
Couple's Enhancement	1.33

Age Rated Benefit Factors –

Issue Age	Compound Inflation	Issue Age	Compound Inflation
18-49	3.35	67	1.99
50	3.35	68	1.93
51	3.26	69	1.88
52	3.17	70	1.83
53	3.08	71	1.77
54	2.99	72	1.72
55	2.91	73	1.66
56	2.80	74	1.61
57	2.70	75	1.56
58	2.61	76	1.51
59	2.51	77	1.46
60	2.42	78	1.42
61	2.35	79	1.37
62	2.29	80	1.33
63	2.22	81	1.29
64	2.16	82	1.25
65	2.10	83	1.21
66	2.04	84	1.17

**American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
Description of Valuation Basis for Contract Reserves
Virginia**

Formulas

$$A_x = \sum_{t=0}^{w-x} v^t * {}_{x+t}p_x * S_{x+t}$$

$$a_x = \sum_{t=0}^{w-x} v^t * {}_{x+t}p_x$$

$$P_x = A_x / a_x$$

$${}_tV_x = A_{x+t} - P_{x+1} * a_{x+t}$$

Where:

x = Issue age

t = Policy duration

A_{x+t} = Present value of future benefits at the end of duration t for issue age x.

a_x = Present value of \$1 paid annually from age x until policy termination

${}_tp_x$ = Probability of survival from age x to age x+t

S_x = Claim cost at attained age x

P_x = Net level premium at issue age x

${}_tV_x$ = Terminal reserve for issue age x at the end of duration t

w = Terminal age (assumed to be 110)

Method – One year preliminary term method

Morbidity - Claim costs reflect actual experience of various carriers, numerous studies of non-insurance data and judgment. Sample claim costs are shown below.

Sample Claim Costs (Per \$1 of daily benefit) 90 Day Elimination Period 1825 Benefit Multiplier Without Compound Inflation		
Attained Age	Male	Female
32	0.258	0.374
42	0.390	0.573
52	0.664	0.714
62	1.291	1.436
72	3.412	4.141

Claim costs are adjusted to reflect:

- Underwriting and issue criteria
- Reduced exposure for insureds already in the nursing home
- Actual charges that are less than the facility care daily maximum
- Waiver of premium benefits
- Future morbidity improvement

American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
Description of Valuation Basis for Contract Reserves
Virginia

Termination Rates – Total termination rates for statutory contract reserves will be based on current NAIC requirements as follows:

- A) 1994 Group Annuity Mortality Table, plus
- B) Terminations other than mortality, where the terminations are not to exceed:
 - (i) For policy years one through four, the lesser of 80% of the voluntary lapse rate used in the calculation of gross premiums and 8%;
 - (ii) For policy years five and later, the lesser of 100% of the voluntary lapse rate used in the calculation of gross premiums and 4%.

Pricing lapse rates are:

1. Individual coverage lapse rates reflect voluntary lapses and marriage as well as death and divorce of joint coverage policyholders.

Individual Coverage Lapse Assumptions			
Policy Duration	Issue Ages		
	42	52	62
1	10.8%	7.2%	5.8%
5	7.9%	4.4%	2.9%
10	3.2%	1.8%	0.9%
15	3.0%	1.2%	0.4%
20	2.7%	0.8%	0.0%

2. Joint coverage lapse rates reflect voluntary lapse, divorce, death of spouse, and marriage of individual coverage policyholders.

Joint Coverage Lapse Assumptions			
Policy Duration	Issue Ages		
	42	52	62
1	3.9%	3.7%	4.9%
5	4.4%	3.2%	3.4%
10	3.0%	2.4%	3.8%
15	3.2%	3.1%	5.0%
20	3.5%	3.8%	7.2%

Interest - Maximum allowed statutory rate (4.5% in 2002)

**American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
Actuarial Memorandum - Virginia**

I. Purpose of Memorandum

The purpose of this memorandum is to provide actuarial information supporting rates for American Fidelity's Individual Long Term Care Insurance Policy and to demonstrate the reasonableness of benefits in relationship to premiums. This rate filing is not intended to be used for other purposes.

II. Policy Information

This plan is a Guaranteed Renewable Long Term Care policy. This plan will be issued to actively-at-work employees ages 18 and over and other applicants aged 18 to 84. Premiums vary by issue age and are calculated to be level for the premium payment period of the contract.

III. General Marketing Method

This policy will be marketed by licensed agents.

IV. Description of Benefits

A. **Long Term Care Facility Benefit** – Pays covered expenses incurred up to the daily maximum benefit elected. Allowable long term care facilities include the following:

- Nursing home facility
- Alzheimer's facility
- Assisted living facility
- Residential care facility
- Hospice facility

B. **Home and Community Care Benefit** – Pays covered expenses incurred up to 20 times the daily maximum benefit elected per month. Allowable home health care services include the following:

- Skilled nursing care
- Therapists
- Home health aide
- Personal care
- Homemaker services
- Adult day care

C. **Daily Maximum Benefit** – Amounts will be offered in \$10 increments ranging from \$50 to \$300 per day.

American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
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- D. **Lifetime Elimination Period** – An insured must meet the benefit eligibility criteria for the elimination period before benefits are payable. The elimination period needs to be fulfilled only once per lifetime. The elimination period applies only to long term care facility benefits. Available elimination periods include 30, 90, and 180 days. Days are counted in terms of the number of days the insured is disabled and receives a covered service. Once the elimination period begins, the insured does not need to incur expenses on each calendar day; however, only actual service days are counted. The days can be accumulated as long as the elimination period is satisfied within a 12-month period.
- E. **Maximum Benefit Amount** – The maximum benefit amount is a pool of money equal to the daily maximum benefit multiplied by a factor. Available factors include 730, 1095, 1825, and Unlimited.
- F. **Benefit Eligibility Criteria** – The benefit eligibility criteria require that one of the following be necessary: substantial assistance with 2 of 6 Activities of Daily Living (ADLs); or substantial supervision to protect the insured from threats to health and safety due to the insured's Severe Cognitive Impairment. The six ADLs are bathing, dressing, continence, eating, toileting, and transferring.
- G. **Additional Benefits (see Policy for additional detail)**
- Alternative plan of care
 - Respite care, up to 30 days per calendar year up to the appropriate facility care or home care daily maximum per day.
 - Supportive services (i.e. durable medical equipment, home modifications, therapy services and safety devices) equal to 100 times the facility care daily maximum over the policy lifetime. This benefit is available in conjunction with the care coordination benefit.
 - Caregiver training, up to \$500 over the policy lifetime.
 - Bed reservation, 30 days per calendar year for all facility care benefits.
 - Hospice care
 - Premiums are waived after a 90-calendar day qualifying period except for respite care, care advisory services or supportive services.
 - Voluntary care coordination benefit
 - Restoration of benefits after 180 days of not being chronically ill
- H. **Optional Benefits (see Policy for additional detail)**
- Guaranteed purchase option
 - Compound inflation protection
 - Spousal rider
 - Nonforfeiture benefit
 - Couples enhancement benefit
 - Contingent nonforfeiture benefit

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Individual Long Term Care Insurance Policy QLTC-02 AFA
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V. Gross Annual Premiums

Gross annual premiums for the base plan policy with a lifetime elimination period of 90 days are included in Exhibit 1A. Premiums are provided per \$10 of maximum benefit amount. Premium adjustments to modify the base plan benefits are included in Exhibit 1B.

The assumed period for which the filed rates apply is the lifetime of the policy (there are no planned rate increases).

The rate schedules attached in Exhibit 1A provide both individual and joint coverage rates.

If a couple purchases joint coverage, upon divorce, the two covered insureds will convert to individual coverage using the individual rate schedules at their original issue age. Upon death of one spouse, and in the absence of the couples enhancement rider, the surviving spouse will revert to individual coverage using the individual rate schedule at his or her original issue age.

In the event an insured is issued individual coverage and subsequently marries and purchases joint coverage, the original individual insured will convert to the joint coverage rate at his or her original issue age. The added spouse will be rated at his or her current attained age under the joint rate schedule.

As this coverage is guaranteed renewable, premiums may change only if we change premiums for all similar policies in the same state for this policy form. Similar policies include policies within the same underwriting risk class, benefit period, issue age and inflation protection coverage.

VI. Actuarial Assumptions

- A. **Method of Calculation** – A health profit study program was used to calculate and test the profitability of gross premiums. The various assumptions are listed below.
- B. **Underwriting** – The Company will use short form and long form underwriting for this coverage. The Company will obtain risk management information (telephone histories, medical records and face-to-face assessments) for cause and according to established protocols.
- C. **Morbidity** – Claim costs reflect actual experience of various carriers, numerous studies of non-insurance data, and judgment. Sample claim costs are shown below:

American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
Actuarial Memorandum - Virginia

Sample Claim Costs (Per \$1 of daily benefit) 90 Day Elimination Period 1825 Benefit Multiplier Without Compound Inflation		
Attained Age	Male	Female
32	0.258	0.374
42	0.390	0.573
52	0.664	0.714
62	1.291	1.436
72	3.412	4.141

Claim costs are adjusted to reflect:

- Underwriting and issue criteria
- Reduced exposure for insureds already in the nursing home
- Actual charges that are less than the daily maximum benefit
- Waiver of premium benefits
- Future morbidity improvement

D. Lapse Rates –

1. Individual coverage lapse rates reflect voluntary lapses and marriage as well as death and divorce of joint coverage policyholders.

Individual Coverage Lapse Assumptions			
Policy Duration	Issue Ages		
	42	52	62
1	10.8%	7.2%	5.8%
5	7.9%	4.4%	2.9%
10	3.2%	1.8%	0.9%
15	3.0%	1.2%	0.4%
20	2.7%	0.8%	0.0%

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2. Joint coverage lapse rates reflect voluntary lapse, divorce, death of spouse, and marriage of individual coverage policyholders.

Joint Coverage Lapse Assumptions			
Policy Duration	Issue Ages		
	42	52	62
1	3.9%	3.7%	4.9%
5	4.4%	3.2%	3.4%
10	3.0%	2.4%	3.8%
15	3.2%	3.1%	5.0%
20	3.5%	3.8%	7.2%

- E. **Mortality Rates** – 1994 Group Annuitant Mortality (GAM)
- F. **Net Investment Earnings Rate** – 5.5% graded to 7.0% over 15 years earned on reserves and target surplus
- G. **Expenses** –

➤ *Commissions:*

Policy Year	Maximum Benefit Amount	
	730 x Daily Maximum Benefit	All Other
First Year	50%	75%
Renewal	5%	10%

Renewal commissions are not paid on inflation riders, non-forfeiture rider, or additional GPO purchase amounts.

- *Underwriting and issue costs:* Average \$51 per policy
- *Claims administration and care management:* 5% of incurred claims
- *Percentage of premium:* 2.5% all years plus 6.0% all years on rider premiums only
- *Per policy:* Average \$52 per insured per year
- H. **Average Annual Premium** – \$1,125 assuming distributions provided in section J. below.
- I. **Statutory Reserve Basis** – One-year preliminary term reserves using 1994 GAM, 4.5% interest, and pricing morbidity. Lapses are included in the total termination

American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
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rates per the current NAIC model regulation. A sample set of reserve factors is provided in Exhibit 3.

- J. **Distributions of Business Assumed for Loss Ratio Calculations** – The following distributions of business were assumed for loss ratio calculations.

Distribution of Issues by Age –

Issue Age	Distribution
35	0.9%
40	3.0%
45	12.6%
50	42.0%
55	26.5%
60	11.3%
65	3.0%
70	0.7%
Total	100.0%
Average	52

Distribution of Issues by Gender –

Gender	Individual	Joint
Male	13%	50%
Female	87%	50%

Distribution of Issues by Benefit Period –

Lifetime Benefit Factor	Individual	Joint
730	10%	N/A
1095	30%	33.3%
1825	30%	33.3%
Unlimited	30%	33.3%

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Distribution of Issues by Elimination Period –

Elimination Period	Distribution
30	40%
90	50%
180	10%

Distribution of Issues by Coverage Type –

Coverage Type	Distribution
Individual	38%
Joint	62%

Distribution of Issues by Optional Rider –

Optional Rider	% Electing
Compound Inflation	15%
Couple's Enhancement	31%
Nonforfeiture	5%

**American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
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VII. Minimum Loss Ratio Requirement – 60%

VIII. Anticipated Loss Ratio

The anticipated loss ratio is equal to or in excess of the minimum loss ratio shown in VII above. The anticipated loss ratio is calculated as the present value of incurred claims divided by the present value of earned premiums based on our best estimate of the future experience. The anticipated loss ratio is calculated over the period that the premium rates are anticipated to remain adequate, which is until attained age 110 when we expect all policies to have terminated.

The anticipated loss ratio is calculated using a 6.0% discount rate. This discount rate is 100 basis points less than the ultimate pricing investment earnings rate assumption. We believe that the discount rate for calculating long term care loss ratios should be a relatively safe long term rate so that the policyholder is immune from interest rate risk. To use a higher interest rate for loss ratio calculations would imply that a certain level of interest risk is passed to the policyholder. We do not believe such a transfer of risk is appropriate.

The incurred claims do not include active life reserves and have not been adjusted for interest earnings on claim reserves. Earned premiums reflect the anticipated distribution of premiums by premium mode and premium modal factors. Underwriting and issue costs are not included in either the incurred benefits or the earned premiums. Earned premiums and incurred claims do not reflect the non-benefit portion of the waiver of premium benefit.

In developing the anticipated loss ratio, the above assumptions and distributions of issues were used. Calendar year composite loss ratios are provided in Exhibit 2.

IX. Actuarial Certification

I certify that, to the best of my knowledge and judgment, this entire rate filing is in compliance with applicable laws and that it complies with Actuarial Standard of Practice #8, and that the benefits are reasonable in relation to the premiums.



Peggy Hauser, FSA, MAAA
Long Term Care Group, Inc.
Acting as a consultant to American Fidelity Assurance Company

June 13, 2003

EXHIBIT 1A
American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
Actuarial Memorandum - Virginia

Annual Rates per \$10 Daily Maximum Benefit
90 Day Elimination Period

Issue Age	Individual Coverage Preferred Rates by Lifetime Maximum Benefit Factor			
	730	1095	1825	Unlimited
18-40	31.26	34.69	42.30	49.84
41	31.59	35.06	42.74	50.36
42	31.93	35.43	43.18	50.90
43	32.27	35.80	43.63	51.44
44	32.61	36.18	44.08	51.98
45	32.95	36.56	44.54	52.53
46	33.30	36.95	45.00	53.09
47	33.65	37.34	45.47	53.65
48	34.01	37.74	45.94	54.22
49	34.37	38.14	46.42	54.79
50	34.73	38.54	46.90	55.37
51	38.70	43.05	52.55	61.72
52	43.13	48.08	58.87	68.79
53	48.05	53.70	65.96	76.67
54	53.54	59.97	73.90	85.45
55	59.66	66.98	82.80	95.24
56	63.98	71.86	88.73	101.77
57	68.61	77.09	95.08	108.75
58	73.57	82.71	101.89	116.20
59	78.89	88.74	109.18	124.16
60	84.60	95.20	117.00	132.67
61	91.31	102.55	126.56	143.27
62	98.56	110.47	136.90	154.73
63	106.38	119.00	148.08	167.10
64	114.81	128.19	160.18	180.46
65	123.92	138.09	173.27	194.88
66	134.58	149.49	187.43	211.50
67	146.16	161.83	202.74	229.54
68	158.73	175.18	219.30	249.12
69	172.39	189.64	237.22	270.37
70	187.22	205.30	256.60	293.43
71	203.33	222.24	277.56	318.46
72	220.82	240.59	300.24	345.62
73	239.81	260.45	324.77	375.10
74	260.44	281.94	351.31	407.09
75	282.85	305.22	380.01	441.81
76	307.18	330.41	411.05	479.49
77	333.61	357.68	444.64	520.39
78	362.31	387.21	480.97	564.78
79	393.48	419.17	520.26	612.95
80	427.33	453.77	562.77	665.22
81	464.09	491.23	608.75	721.96
82	504.01	531.77	658.48	783.54
83	547.37	575.67	712.28	850.37
84	594.46	623.18	770.47	922.90

EXHIBIT 1A
American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
Actuarial Memorandum - Virginia

Annual Rates per \$10 Daily Maximum Benefit
90 Day Elimination Period

Issue Age	Joint Coverage Preferred Rates by Lifetime Maximum Benefit Factor		
	1095	1825	Unlimited
18-40	26.02	31.73	37.38
41	26.30	32.06	37.77
42	26.57	32.39	38.18
43	26.85	32.72	38.58
44	27.14	33.06	38.99
45	27.42	33.41	39.40
46	27.71	33.75	39.82
47	28.01	34.10	40.24
48	28.31	34.46	40.67
49	28.61	34.82	41.09
50	28.91	35.18	41.53
51	32.29	39.41	46.29
52	36.06	44.15	51.59
53	40.28	49.47	57.50
54	44.98	55.43	64.09
55	50.24	62.10	71.43
56	53.90	66.55	76.33
57	57.82	71.31	81.56
58	62.03	76.42	87.15
59	66.56	81.89	93.12
60	71.40	87.75	99.50
61	76.91	94.92	107.45
62	82.85	102.68	116.05
63	89.25	111.06	125.33
64	96.14	120.14	135.35
65	103.57	129.95	146.16
66	112.12	140.57	158.63
67	121.37	152.06	172.16
68	131.39	164.48	186.84
69	142.23	177.92	202.78
70	153.98	192.45	220.07
71	166.68	208.17	238.85
72	180.44	225.18	259.22
73	195.34	243.58	281.33
74	211.46	263.48	305.32
75	228.92	285.01	331.36
76	247.81	308.29	359.62
77	268.26	333.48	390.29
78	290.41	360.73	423.59
79	314.38	390.20	459.71
80	340.33	422.08	498.92
81	368.42	456.56	541.47
82	398.83	493.86	587.66
83	431.75	534.21	637.78
84	467.39	577.85	692.18

EXHIBIT 1B
American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
Actuarial Memorandum - Virginia

Rating Factors

Elimination Period Factors –

Elimination Period (Days)	Factor
30	1.055
90	1.000
180	0.960

Modal Premiums –

Mode	Factor
Annual	1.0000
Semi-annual	0.5100
Quarterly	0.2600
Monthly	0.0875

Risk Factors –

Characteristic	Factor
Select	0.85
Preferred	1.00
Standard	1.15

Single Factor Optional Benefits –

Optional Benefit	Factor
Nonforfeiture	1.20
Couple's Enhancement	1.33

Age Rated Benefit Factors –

Issue Age	Compound Inflation	Issue Age	Compound Inflation
18-49	3.35	67	1.99
50	3.35	68	1.93
51	3.26	69	1.88
52	3.17	70	1.83
53	3.08	71	1.77
54	2.99	72	1.72
55	2.91	73	1.66
56	2.80	74	1.61
57	2.70	75	1.56
58	2.61	76	1.51
59	2.51	77	1.46
60	2.42	78	1.42
61	2.35	79	1.37
62	2.29	80	1.33
63	2.22	81	1.29
64	2.16	82	1.25
65	2.10	83	1.21
66	2.04	84	1.17

EXHIBIT 2
American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
Actuarial Memorandum - Virginia

Calendar Year Development of Composite Expected Loss Ratios
Per \$1,000 Premium Issued

Calendar Year	Expected Earned Premiums	Expected Incurred Claims	Expected Loss Ratio	Calendar Year	Expected Earned Premiums	Expected Incurred Claims	Expected Loss Ratio
1	487	12	2%	21	414	466	113%
2	948	34	4%	22	390	520	133%
3	901	58	6%	23	365	583	160%
4	860	79	9%	24	341	648	190%
5	823	96	12%	25	317	711	225%
6	793	110	14%	26	293	782	267%
7	770	122	16%	27	270	861	319%
8	749	133	18%	28	246	949	385%
9	729	145	20%	29	224	1,025	458%
10	710	158	22%	30	202	1,083	536%
11	690	173	25%	31	181	1,139	629%
12	633	190	30%	32	161	1,193	742%
13	609	209	34%	33	142	1,243	878%
14	585	230	39%	34	124	1,281	1037%
15	560	254	45%	35	107	1,304	1223%
16	536	281	52%	36	91	1,321	1452%
17	512	310	61%	37	77	1,329	1735%
18	488	344	71%	38	63	1,328	2092%
19	463	381	82%	39	52	1,304	2514%
20	438	421	96%	40	42	1,259	3019%

- Notes: 1. Premiums and benefits reflect the effect of policy terminations.
2. At 6.0% interest, the loss ratio over the policy lifetime is over 60%.

June 13, 2003

EXHIBIT 3
American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
Actuarial Memorandum – Virginia

Sample Reserve Factors (Per \$1 of daily benefit) 90 Day Elimination Period 1825 Benefit Multiplier Without Compound Inflation Issue Age 50		
Policy Year	Male	Female
1	0.00	0.00
2	3.01	5.47
3	6.10	11.28
4	9.35	17.51
5	12.63	23.93
6	16.06	30.72
7	19.56	37.68
8	23.21	44.99
9	27.04	52.67
10	31.03	60.72
11	35.25	69.24
12	39.66	78.16
13	44.30	87.55
14	49.18	97.32
15	54.34	107.52
16	59.81	118.18
17	65.64	129.28
18	71.88	140.92
19	78.42	153.10
20	85.25	165.85
21	92.38	179.18
22	99.81	193.10
23	107.56	207.69
24	115.19	222.09
25	122.50	235.96
26	129.24	248.80
27	135.08	259.99
28	140.14	269.66
29	145.36	278.83
30	150.73	287.19
31	156.40	294.73
32	162.45	301.30
33	168.96	306.74
34	175.46	311.44

EXHIBIT 3
American Fidelity Assurance Company
Individual Long Term Care Insurance Policy QLTC-02 AFA
Actuarial Memorandum – Virginia

Sample Reserve Factors (Per \$1 of daily benefit) 90 Day Elimination Period 1825 Benefit Multiplier Without Compound Inflation Issue Age 50		
Policy Year	Male	Female
35	181.86	315.25
36	188.10	318.06
37	194.36	320.03
38	200.87	321.31
39	206.22	320.10
40	209.53	315.66
41	210.25	307.50
42	207.45	294.84
43	198.92	274.92
44	191.20	257.09
45	183.46	241.67
46	175.28	227.23
47	166.61	213.24
48	156.85	199.47
49	147.08	186.42
50	137.29	174.27
51	127.27	162.78
52	117.04	151.84
53	105.92	141.19
54	95.17	131.05
55	84.78	121.36
56	74.80	111.93
57	65.10	101.97
58	59.78	89.90
59	64.67	72.16
60	0.00	0.00

November 29, 2018

Mr. Bill Dismore
Virginia Bureau of Insurance
Tyler Building, 1300 E. Main St.
Richmond, Virginia 23219

RE: American Fidelity Assurance Company
Individual Long Term Care Rate Increase Filing
SERFF Tracking #WAKE-131598868

Dear Mr. Dismore:

Thank you for your continued consideration of this rate increase request. This correspondence is in reply to your 11/13/2018 correspondence.

1. Of the 78 Virginia policies, 38 policies have lifetime benefit periods and 40 have non-lifetime benefit periods.
2. Enclosed in attachment 3 is the nationwide projections based on current assumptions and at the current Virginia rate level in excel.
 - a. Attachment 4 provides the nationwide projections based on current assumptions and at the current nationwide rate level (unchanged).
 - b. Attachment 5 has been updated to provide the nationwide projections based on current assumptions, at the Virginia rate level.
 - c. Attachment 6 has been updated to provide the nationwide projections based on current assumptions, with the proposed rate increase at the Virginia rate level and excludes paid up policies.
 - d. Attachment 7 has been updated to provide the nationwide projections based on current assumptions, with the proposed rates assumed to be in effect since inception and excludes paid up policies.
 - e. Attachment 8 has been updated to use the 4.04% interest and the splits between lifetime and non-lifetime benefit periods and using the original assumptions and original proposed rates are assumed to be in effect since inception. These projections are done without paid up policies.

- f. Attachment 9 has been updated to provides nationwide actual past experience, and nationwide projection based on original pricing assumptions using the 4.04% interest rate and excludes paid up policies.
3. GGY Axis modeling software was used to project premiums and claims. The premiums are projected from actual premiums and using the assumptions described in Exhibit B. The claims are projected using claim costs along with the assumptions in Exhibit B.
4. The loss ratio standard on rate stability individual policies of the greater of 58% or the lifetime loss ratio used in original pricing, plus 85% applied to premium increase has been added to Exhibits D total, lifetime benefit periods only and non-lifetime benefit periods only.
5. The lapse assumptions were derived from a lapse study. The lapse study started from with this form's predecessor which we call the "Group Educator". The average issue age is the same as this product, like this product it is comprised of mostly lifetime benefit periods, and it was marketed in the same way to the same demographic of customers.

Deaths based on the 2008 VBT were backed out of total terminations to arrive at the lapse assumptions. The following is our development of the current lapse assumptions for Group (which is not under consideration presently) and Individual Educator lapse assumptions.

For Group Educator, with some exceptions, the lapse rates are monotonically decreasing. Duration 14 is lower than duration 13, which is lower than duration 12, etc. The decrease in lapse rates is slowing down, but still continuing.

Group Educator

Policy Year	Exposures	Terminations	Expected Deaths	"Actual" Lapses	Rate	B/E Rate
1	4000	353	3.01	349.99	8.75%	8.75%
2	3647	223	4.46	218.54	5.99%	6.00%
3	3424	157	5.69	151.31	4.42%	4.90%
4	3267	142	6.86	135.14	4.14%	4.20%
5	3123	127	7.92	119.08	3.81%	3.50%
6	2996	93	9.01	83.99	2.80%	3.00%
7	2903	97	10.19	86.81	2.99%	2.70%
8	2804	76	11.37	64.63	2.31%	2.30%
9	2721	57	12.71	44.29	1.63%	2.00%
10	2659	66	14.06	51.94	1.95%	1.80%
11	2557	61	15.22	45.78	1.79%	1.55%
12	2387	48	15.86	32.14	1.35%	1.30%
13	1292	20	9.54	10.46	0.81%	1.00%
14	378	6	3.11	2.89	0.77%	0.70%
15						0.55%
16+						0.50%

We came up with our “Best Estimate” assumptions for Group Educator by smoothing the actual data, recognizing that lapse rates are still reducing. What we did was simply smooth the experience. Because the most important part of the curve is in the latest durations, the assumptions in the tail as a “best estimate”. It ends with an ultimate of 0.5% and was 0.75% in the data underlying our filing.

Then, we compared the Individual Educator lifetime benefit period experience to the Group Educator experience, noting that Group Educator is dominated by business including lifetime benefits. The Individual Educator with lifetime benefits will ultimately have lower lapse rates than the Group Educator. It is unclear why the earliest durations were higher, or why the curve is decreasing at a steeper rate. But, the lapse rate itself is still dropping precipitously on Individual Educator, at least with lifetime benefit periods.

For completeness, we compared limited benefit period business to the unlimited for Individual Educator. Lapses for limited benefit periods are higher than for lifetime benefit periods, which is consistent with other blocks of Long-Term Care insurance that we have evaluated. Since most of this product’s experience is lifetime, the data for limited benefit periods is sparser. Ultimate rates are assumed to be 1% higher than those for lifetime benefits in the tail.

25 basis points are removed from ultimate lapses as a moderately adverse provision making lifetime benefit period assumptions just over 0% when MAE is included.

Below is the actual lapse experience together with our best estimate assumptions for Individual Educator.

Policy Year	Exposures	Terminations	Lifetime		Rate	B/E Rate
			Expected Deaths	"Actual" Lapses		
1	6478	704	5	699	10.79%	10.8%
2	5774	489	8	482	8.34%	8.3%
3	5284	363	9	354	6.69%	6.7%
4	4918	274	11	263	5.35%	5.6%
5	4257	231	12	220	5.16%	4.9%
6	3352	141	11	130	3.89%	4.3%
7	2593	112	9	103	3.96%	3.6%
8	1845	55	8	47	2.57%	2.8%
9	1265	29	6	23	1.83%	2.1%
10	740	17	4	13	1.78%	1.5%
11	353	5	2	3	0.88%	1.1%
12						0.9%
13						0.7%
14						0.5%
15						0.4%
16+						0.3%

Policy Year	Exposures	Terminations	Non-Lifetime			
			Expected Deaths	"Actual" Lapses	Rate	B/E Rate
1	4084	534	4	530	12.98%	13.0%
2	3547	363	5	358	10.08%	10.0%
3	2996	227	6	221	7.37%	7.8%
4	2037	134	5	129	6.32%	6.5%
5	1343	83	4	79	5.86%	5.5%
6	1043	53	4	49	4.71%	5.0%
7	781	40	3	37	4.69%	4.5%
8	566	28	3	25	4.46%	3.7%
9	370	7	2	5	1.34%	3.0%
10	209	4	1	3	1.30%	2.5%
11	105	3	1	2	2.15%	2.1%
12						1.9%
13						1.7%
14						1.5%
15						1.4%
16+						1.3%

6. The actual and expected lapses (current assumptions) are as follows:

Policy Year	Exposure	Actual lapses	Expected Lapses
1	10,639	1,238	1,242
2	9,391	853	842
3	8,530	601	608
4	7,917	455	471
5	7,288	389	373
6	6,234	275	281
7	5,098	212	195
8	4,045	132	122
9	3,140	80	73
10	2,287	57	40
11	1,566	36	21
12	918	29	10
13	434	6	4
Total	67,487	4,363	4,284

Once again, thank you for your continued time and consideration of this rate filing for American Fidelity Assurance Company.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sharon Goodman", with a stylized, cursive script.

Sharon Goodman
Consulting Actuary
Wakely Actuarial
Palm Harbor, Florida

Enclosures

January 8, 2019

Mr. Bill Dismore
Virginia Bureau of Insurance
Tyler Building, 1300 E. Main St.
Richmond, Virginia 23219

RE: American Fidelity Assurance Company
Individual Long Term Care Rate Increase Filing
SERFF Tracking #WAKE-131598868

Dear Mr. Dismore:

Thank you for your continued consideration of this rate increase request. This correspondence is in reply to your 1/3/2019 correspondence.

1. Once this requested rate increase is approved, as long as the future experience does not deteriorate greatly from the moderately adverse assumptions, the company has no future plans to request a rate increase at this time. The company plans to monitor the experience as it develops and file any future rate increases if justified by the developing experience.

Once again, thank you for your continued time and consideration of this rate filing for American Fidelity Assurance Company.

Sincerely,



Sharon Goodman
Consulting Actuary
Wakely Actuarial
Palm Harbor, Florida

January 16, 2019

Mr. Bill Dismore
Virginia Bureau of Insurance
Tyler Building, 1300 E. Main St.
Richmond, Virginia 23219

RE: American Fidelity Assurance Company
Individual Long Term Care Rate Increase Filing
SERFF Tracking #WAKE-131598868

Dear Mr. Dismore:

Thank you for your continued consideration of this rate increase request. This correspondence is in reply to your 12/17/2018 correspondence.

1. Enclosed are the revised Attachments 5 and 6 where the ultimate lapse assumption for policies with lifetime benefit period is set to 0.75%.

Once again, thank you for your continued time and consideration of this rate filing for American Fidelity Assurance Company.

Sincerely,



Sharon Goodman
Consulting Actuary
Wakely Actuarial
Palm Harbor, Florida

Enclosures